

Pision statement

"A succesful Rustenburg for the benefit of all"

Mission statement

"To enhance the quality of life by providing affordable services equitably and facilitate economic growth and encouraging community participation"

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EXECUTIVE MAYOR'S FOREWORD



Councillor Matthews Johannes Wolmarans Executive Mayor

This year's annual report of the Municipality precedes the beginning of the midterm year for the current Council. It also leads up to the culmination of our current budget cycle, according to the midterm expenditure framework (MTEF) of our system of budgeting. Council begins the midterm year in full confidence of institutional strength, fiscal and financial prudence, political and socioeconomic stability and a good relationship with our community. These are strong fundamental building blocks for the effective realization of our Municipality's six pillars of the Long Term City Development Vision 2025.

Given the current decisive political leadership in the present Council, working hand in hand with an effective and efficient administration led by the Municipal Manager, the Municipality is well governed. There is sufficient and appropriately skilled labour force to develop, drive and

manage projects that will grow and sustain our diversified and resilient economy, establish spatial structures that are effectively supported by sufficient infra-structure, and to achieve all these while managing our natural resources effectively and in a sustainable manner. This, we must undertake in order to achieve a high quality of life for our citizens.

These development objectives are always given full expression and regard in both the Budget and the Integrated Development Plan (IDP) of the Council. This trend will continue beyond the year 2010, gaining momentum throughout, towards the year 2025.

This annual report also follows the completion of the recent Mayoral Imbizo within the Municipality. Our report reflects the progress we have made in addressing the needs of our community which were initially raised in the Mayoral Imbizo of 2006.

As we gear up into our midterm year, we will continue with the same resolve and confidence to work harder to improve our service delivery to our community, in line with our inaugural commitment and strategic objectives. All the structures and capacity of our Council and the Municipality will be fully harnessed to realize the key objective of service delivery and improving the lives of our community, in the spirit of our vision: "A successful Rustenburg for the benefit of all."



Councillor Matthews Johannes Wolmarans Executive Mayor

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INTRODUCTION

This Annual Report was complied in line with the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and Municipal System Act 32 of 2000 as amended (MSA). The purpose of this Report is to provide feedback:

- a. On activities of the Municipality and the Municipal entity;
- b. To provide a report on performance, and
- c. To promote accountability to the community for the decisions made though the financial year ended 30 June 2007

The Annual Report includes:

- a. The municipal functional performance reports;
- b. The annual financial statement of the municipality;
- c. The auditor general's report on municipal performance measures and financial audit report; including any corrective action taken or to be taken by the Municipality on issues raised in the audit reports.
- d. the accounting officer's assessment of any arrears on municipal taxes and service charges;

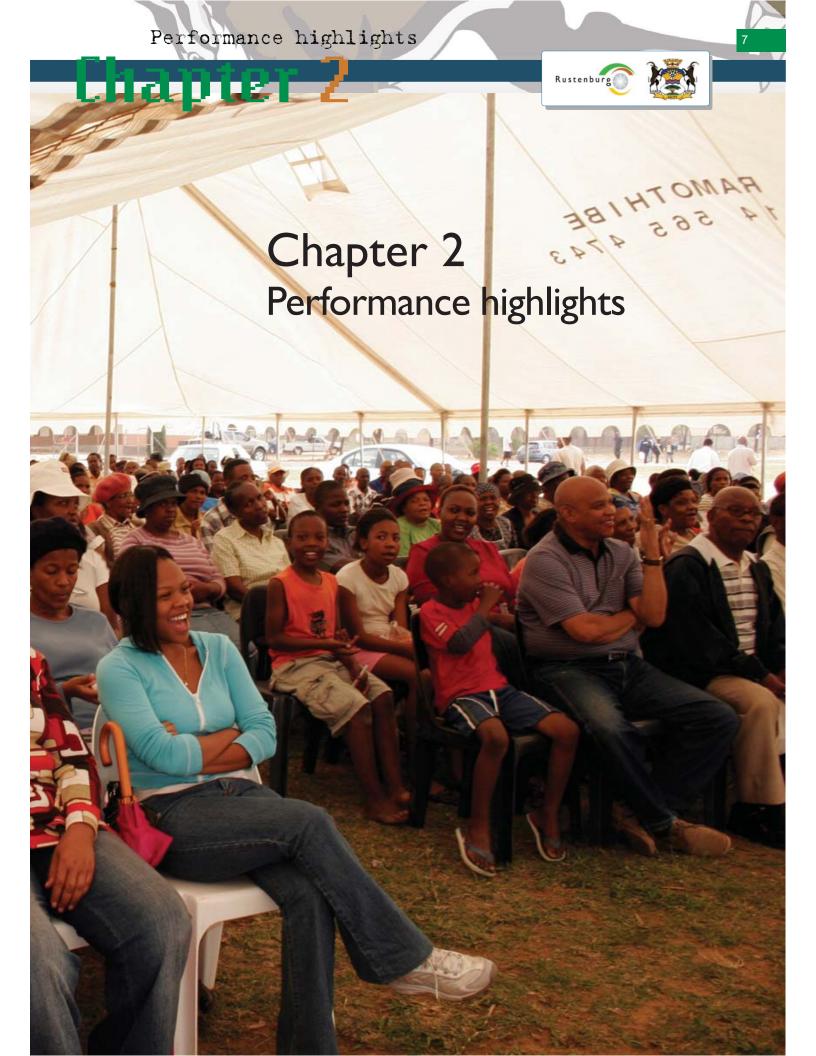
In terms of the processes prescribed by the MFMA, the Executive Mayor must within seven months after the end of the financial year table in Council the Annual Report of the Municipality. After the Annual Report is tabled the Accounting Officer must make the Annual Report public; and invite the local community to submit representations. After consultation Council must in an open meeting consider the oversight report on the annual report with all submissions made by Community and organs of state.

2. OVERVIEW OF THE MUNICIPALITY

Rustenburg Local Municipality (RLM) is one of five local municipalities within the Bojanala District Municipality in the North West Province. RLM is divided into 35 wards and has a total population of 395 540 people with 54.1% males and 45.9% females. The town of Rustenburg within the municipality is reputed to be one of South Africa's fastest growing urban areas with an annual compound economic growth rate of 8 % between 2002 and 2005. This significant growth is largely attributed to the impact of the world's three largest platinum mines in the immediate vicinity of the town, namely, Anglo Platinum, Impala Platinum and Lonmin. With approximately 97% of the total platinum production occurring in Rustenburg, the mining sector provides around 50% of all formal employment.

While RLM is better known for production of the platinum group of metals, the municipality has other features that make it unique from an environmental perspective. The municipality has distinguishable ecological features and habitats including mountainous areas, wetlands, streams and rivers, dams, indigenous woodlands, and grasslands which support a vast array of biomes. It is home to the Magaliesberg mountain range which forms part of the Magaliesberg Protected Natural Environment, the Vaalkop Nature, and the Kgaswane Mountain Reserves. These areas of natural beauty support a diversity of plant and animal species which make RLM attractive and enhance its tourism appeal. The municipality has a wide array of land uses including mining, agriculture, tourism, industrial, recreational, commercial, residential etc. It also has a number of sites known for their archaeological, historic and cultural value.





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2. PERFORMANCE HIGHLIGHTS

This chapter provides a brief overview of the performance highlights of the Municipality:

Water and Sanitation

- 1877 households were provided for the first time in FY 2006/7 with at least a potable water supply within 200m of the dwelling
- New water connections were made in the Water Service Authority (WSA) Areas
- 2563 households were provided for the first time in FY 2006/7 with at least a ventilated improved pit-latrine (VIP)

ELECTRICITY

New electricity connections

A total of 2753 new electricity connections were made within the licensed area of electricity supply of Rustenburg Municipality and the installations were as follow:

- 825 Stands electrified in Boitekong x 22 & 23
- 80 Post connections in Boitekong (all extensions)
- 1848 New connections to several other developments in and around Rustenburg.

Electricity purchased and Metered

- A total of 2129 million Wh of electricity was bought from ESKOM.
- The metered electricity amounted to 1986 million kWh.

SPECIAL ELECTRICITY IMPROVEMENTS

1) UPGRADING OF SUBSTATIONS

 The following substations were upgraded with replacement of redundant switchgear

•	Kroondal substation	R 1.4	million
•	Industries substation	R 1.2	million
•	Thlahane West substation	R 0 9	million

Park substation R 1.083 millionWaterval ext 4 R 1.614 million

UPGRADING OF EXISTING ELECTRICITY NETWORKS

An amount of R 3.1 million was spent to upgrade the electricity network of Rustenburg. The project included the replacement of overhead electricity cable with underground cable. The upgrading is due to the subdivision of stands taking place in the older part of Rustenburg.

3) UPGRADING OF RURAL NETWORKS

Several transformer zones were upgraded on the rural network at a total cost of R 1.285 million.

4) STREETLIGHTS

An amount of R 2.197 million was spent for the installation of streetlights in different areas.

5) MAINTENANCE / REFURBISHMENT PLAN

A 5 year maintenance/refurbishment program was compiled by Service Providers. This plan will enable the Unit: Electrical Engineering Services to properly budget for future refurbishment projects as well as for execution of planned maintenance work.

WASTE MANAGEMENT

Waste collection services have been extended to 500 new and existing dwellings. Feasibility studies to extend collection services to all un-serviced areas in RLM have been developed and will be implemented as soon as the section 78 process is complete.

The Integrated Waste Management Plan (IWMP) for RLM has been completed and approved by Council in June 2006. RLM is one of only a few Local Municipalities in South Africa with an approved IWMP. The plan makes provision for an integrated approach to current waste management and provides a platform to cater for the future needs of RLM.



The following projects will be implemented after the completion of the section 78 process:

- Development of two transfer stations in the greater RLM area near Hartebeesfontein and Marikana;
- Extension of services to approximately 65000 unserviced dwellings;
- Implementation of waste minimization and recycling projects;
- Closure and rehabilitation of all unauthorized communal dumpsites in RLM.

The development of the new Regional Waterfall Landfill Site is progressing well and it is envisaged that it will be operational early in 2008. The current Townlands Landfill Site will then be closed and rehabilitated.

The possibility of implementing a Clean Development Mechanism (CDM) project in terms of the Kyoto Protocol at Town lands Landfill Site is currently under investigation.

It is envisaged that Waste Management services in RLM will aggressively be extended and improved over the next few years. The efficiency and cost effectiveness of services will be addressed in line with the approved IWMP.

ROADS

- 18.21 kilometers of new roads were provided in FY 2006/07.
- 1074 kilometers of roads (for which RLM is responsible for) were maintained and rehabilitated during FY 2006/07.
- R54,055,607 of Capital Budget was allocated to roads (asset replacement, refurbishment and rehabilitation) in FY 2006/07.
- R 26 188 227 of Operating Budget was allocated to road maintenance in FY 2006/07.
- R 41 541 705 Capital Budget spent on roads (asset replacement, refurbishment and rehabilitation) in FY 2006/06.
- R 21 167 207 of Operating Budget was spent on road maintenance in FY 2006/07.

HOUSING

 2178 new houses were completed, 1265 handed over to targeted recipients of low-income and 913 were ready for occupation and awaiting hand over as at 30 June 2007

- Special improvements introduced to housing during FY 2006/7
- The involvement of NHRBC in the housing projects. Contractors are now required to enrol with NHBRC before construction of houses can commence. In cases any defect occurs to the house, NHBRC will take responsibility for the repairs. The contractor is required to comply with the NHBRC regulations.
- Another improvement is the current use of tile roofing in upcoming RDP projects (e.g. Seraleng IHS project) compared to the zinc roofing.

ECONOMIC GROWTH

- Percentage growth in Gross Geographic Product was registered at 8% during the year under review.
 The following innovations and special improvements and programmes were introduced to stimulate local economic development.
- Establishment of the Business & Linkages Centre in collaboration with Anglo Platinum Mines (Rustenburg); process still continuing to finalisation.
- Development of a template to register SMMEs on the procurement database in collaboration with Anglo Platinum Mines (Rustenburg). Process finalized. Awaiting installation of the template by the Service Provider.
- Facilitation of learnerships in Extended Public Works Programme from MIG capital projects in collaboration with CETA, Bojanala Platinum District Municipality, ABSA and Service Providers
- Signing of an MoU with ABSA to facilitate funding of learnerships in EPWP in 2004
- Mentoring of LED learnerships. The group achieved above average in comparison to groups from other Municipalities who were part of the programme.
- Completion of the SMME Support & Development Centre linked with the Walk-In Training Centre which is supported by SITA.
- Vouching for SMMEs/BEE in Municipal projects by the Bid Specifications Committee for addressing and promoting BEE/HDI goals/targets to be reached when awarding bids.



- Trained several SMMEs in the procurement process of the Municipality using the new bid documents from National Treasury. These recipients have now been able to bid effectively.
- Held an outreach with the MEC of Agriculture, Conservation and Environment to discuss problems and issues related to agriculture in Rustenburg and the North West Province.
- Involvement and cooperative governance with Kgosi Mathope in Agriculture by introducing his community to a prospective investor who wants to grow potatoes in their area. The project awaits Land Affairs to transfer the land pockets to the community.
- A packaging plant was developed for packaging of vegetables at the Kibbutsa farming area through the Mining House, Lonmin. The establishment involved the Municipality as part of an LED initiative which will become part of the IDP and in response to the Mining Charter. The initiative will contribute to agricultural development and job creation in the area, and R32m was contributed as a Trust Fund

by the mine in starting this project.

- Facilitation of BEE Promotion with Standard Bank.
- Facilitated an Imbizo with the MEC for Economic Development & Tourism with SMMEs where economic development issues/problems were discussed and alternative means/options to resolve some problems provided.
- Facilitated the first ever Rustenburg Jazz Festival as an activity to promote tourism in the area.
- Established a working relationship with Bafokeng Rasimone Platinum Mine's consultants (Golder Associates) towards the establishment of a new shaft to be compliant with the Mining Charter
- Established a working relationship with Xstrata to assist them comply with the Mining Charter. There were several meetings and a final presentation on the LED and Social development projects for specific areas where Xstrata has operations.
- Engaged with the Department of Water & Forestry to facilitate job creation in the "Working for Water" Project.

The table below summarizes the performance of external service providers as required by Sec 46 (a).

Name of Provider and	SL sigr		Proj Start		Compl	etion	Spe		Measures taken
project	Yes	No	Sched	Actual	Sched	Actual	Yes	No	
Tapologo Enterprises: Extension of Marikana Library	\checkmark		October 2006	February 2007	March 2006	March 2006	√		N/A
Diezo Trading cc: Palisade fence – Boitekong Library	√		October 2006	March 2007	October 200	October 200	√		N/A
Masosobane (R)	√		05/05	05/05	3 months	3 months		√	In process
Boitekong 15	√		05/05	05/05	3 months	3 months		√	In process
Bokamoso (Waterval)	√		05/05	05/05	12 months	12 months		√	In process
Monnakato	√		05/05	05/05	6 months	6 months		√	In process
Tsitsing (R)	√		05/05	05/05	3 months	3 months		√	In process
Freedom Park 1	√		05/05	05/05	12 months	12 months	\		Complete

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Name of Provider and	SL sigr		Proj Start		Comple	etion	Spe		Measures taken
project	Yes	No	Sched	Actual	Sched	Actual	Yes	No	
Freedom Park 2	√		05/05	05/05	12 months	09/07		√	In process
Wonderkop (R)	√		05/05	05/05	3 months	06/07	\		Complete
Mathopestad	/		05/05	05/05	3 months	06/07		/	Meeting held, developer put on terms
Meriting 4 & 5			05/05	05/05	12 months	09/07			Landation
			05/05	05/05	12 months	06/07		\ \ \	Legal action taken Province
Phatsima Phase	√							√	attending
Bethanie (R)			05/05	05/05	3 months	06/07	\		Delayed because of untraceable beneficiary
Boitekong 23					12 months		V		complete
Integrated Human Settlement	√		04/07	04/07	16 months	04/08			In process
Golder Ass; Waterval Landfill Site	√		DME decision pending						MM wrote letter to DME
Makone Consulting; Waste Depot		√	Aug 07	Aug 07	Dec 09		/		
Rural Areas - Anti-Climb Devices & Danger Boards	√		Aug.06	Aug.06	JUN.07	JUN.07	\ \(\)		
Cashan X 20 and X21 - 150mm Cable	√		Jul-06	Jul-06	Jun-07	Jun-07		√	Budget adjustment
AVM Card Readers	√		Jul-06	Jul-06	Sep-06	Sep-06	\		
Bulk Linkage to New Developments	√		Jul-06	Jul-06	Jun-07	Jun-07	√		
Cable Fault Location Receiver	√		Aug-06	Aug-06	Feb-07	Feb-07	√		





Name of Provider and	SL sigr		Proj Start		Compl	letion	Spe		Measures taken
project	Yes	No	Sched	Actual	Sched	Actual	Yes	No	
Delta Area - Ring feeders	/		Jul-06	Jul-06	Jun-07	Jun-07	\		
Kroondal Substation - Upgrading	√		SEP.06	SEP.06	MAY.07	MAY.07	/		
Boitekong X 12 - Replace Electrical Network	√		Jul 06	Jul 06	MRT.07	MRT.07	\		
Load Control Relays	√		Aug-06	Aug-06	Feb-07	Feb-07	V		
Line Road Substation - Switchgear	√		Jul-06	Jul-06	Aug-06	Aug-06	\ \(\)		
Rural Areas - Decayed Wooden Poles	√		Jul. 06	Jul. 06	DEC.06	DEC.06	/		
Industries 33kV Outdoor Switchgear	/		SEP.06	SEP.06	JUN.07	JUN.07	/		
Load Control Equipment - Refurbishment	√		Aug-06	Aug-06	MAY.07	MAY.07	√		
Prepaid - Automatic Vending Machine	√		Aug-06	Aug-06	Mar-07	Mar-07	\ \ \		
Rietvlei & Donkerhoek - Feeder : Renewal	√		SEP.06	SEP.06	MRT.07	MRT.07	/		
Rural Areas - Emergency Upgrading	\		Jul-06	Jul-06	Jun-07	Jun-07	/		
Rustenburg X12 - Distribution Boxes	√		Jul-06	Jul-06	Jun-07	Jun-07	√		
Rustenburg X 9 - Electrical Upgrading	√		Jul-06	Jul-06	Jun-07	Jun-07	/		
Cashan Sub - Swembad - 400mm Link Cable	√		Jul-06	Jul-06	Jun-07	Jun-07		√	400mm cable problem (R1m roll-over)
HV Earth : Three Phase X 24 Sets	√		Aug 06	Aug 06	Oct 06	Oct 06	√		
Rustenburg Town - High Density Area Upgrading	√		Jul-06	Jul-06	Jun-07	Jun-07	\		
Rustenburg Town - Internal Network Upgrading	√		Jul-06	Jul-06	Jun-07	Jun-07	/		
Underground Cable Tracer	√		Aug 06	Aug 06	DEC.06	DEC.06	√		
Waterval X 4 - Substation (Mabe Park)	V		Aug-06	Aug-06	MAY.07	MAY.07	/		
Tlhabane West - 11kv Switchgear	√		Jul-06	Jul-06	Aug.06	Aug.06	\		
Cashan X 3 - Internal Electrical Network	√		Jul-06	Jul-06	Aug.06	Aug.06		\	





Name of Provider and	SL sigr		Proj Start		Comple	etion	Spe		Measures taken
project	Yes	No	Sched	Actual	Sched	Actual	Yes	No	
House Connections Boitekong	\		Jul-06	Jul-06	Aug.06	Aug.06	√		
Electrification Boitekong Ex 22/23	√		Jul-06	Jul-06	Aug.06	Aug.06	√		
Adelaide Substation Switchgear	/		Jul-06	Jul-06	Aug.06	Aug.06	√		
Park - Replacement of 11000 Volt Switchgear	√		Sep.06	SEP.06	Nov.06	Nov.06	/		
Electrification Boitekong Ex 22/23	V		Sep.06	SEP.06	Nov.06	Nov.06	V		
Bokamoso - Internal Electricity Network	V		Jul 06	Jul 06	Sep 06	Sep 06	√		
20 MVA Transformers for Sewer Plant X 2	V		Aug-06	Aug-06	Oct-06	Oct-06	√		
Traffic Signals	\vee		Jul-06	Jul-06	Oct-06	Oct-06			
Magasa Civil Rankelenyane Gravel Road	/		Aug 2007	Aug 2007	Nov 2007		/		On progress
Marenza JV Phatsima Taxi Rank	√		May 2007	May 2007	Sept 2007	Sept 2007	V		Completed
Magasa JV Lethabong Taxi Rank	√		May 2007	May 2007	Sept 2007	Sept 2007	√		Completed
Moseme Roads Monakato Roads	√		July 2006	July 2006	Nov 2006	Nov 2006	√		Completed
Moseme Roads Lethabong Roads	/		June 2006	June 2006	Nov 2006	Nov 2006	/		Completed
EPWP Contractors Boitekong Roads	V				July 2007	July 2007	\		Completed
EPWP Contractors Meriting Roads	√				July 2007		√		Completed
Rustenburg Ext 13 - Sewerage reticulation system (phase 1) counter funding	/			28 May 2007	20 March 2008		/		
Lethabong sewer reticulation - counter funding	/			29 May 2007	28 Nov 2007		√		
Tlhabane (Bop Print) - Replace 450mm AC outfall line	/			08 June 2007	07 October 2007		/		
Lethabong - Toilet structure	\			29 May 2007	28 Nov 2007		/		
Rustenburg - Toilet structures	/			28 May 2007	20 March 2008		V		



Name of Provider and	SL sigr		Proj Start		Comple	etion	Spe		Measures taken
project	Yes	No	Sched	Actual	Sched	Actual	Yes	No	
Boitekong Ext 8 -	/			17 May	Contract		/		
Toilet structures	\			2007	Extended		$ \vee $		
Lethabong - Sewer	,			29 May	28 Nov		,		
reticulation				2007	2007				
Rustenburg Ext 13 -				28 May	20 March				
Sewerage reticulation	\			2007	2008		$ \sqrt{ }$		
system - phase 1	,								
Bokamoso (Zakhele)	V			11 June	11 Feb		√		
- VIP toilets				2007	2008				
Ward 26 - VIP toilets	1			03 Aug	05 Feb		./		
				2007	2008		\bigvee		

3. LONG TERM CONTRACTS

The following long term contracts exist in the Municipality:

- Utility Management Services: 3 Year contract to assist with credit control. (Connection and disconnection of services)
- Venter Meterleesdienste: Reading of meters in a portion of the town.
- Fujitsu: IT Suppliers of financial system.
- Combined System Supplier of IT system for

upkeep of Assist Register.

4. HOUSING STATUS

The population growth, combined with historic housing shortage, has put pressure on the demand for housing within Rustenburg Municipal area. The status of housing in Rustenburg is depicted in a table below as per housing sector plan which was approved by council in October 2006.

Housing Type	Formal Structures	Informal Structures	Total	%
House on Stand	55529		55529	47.7
Flat	1799		1799	1.5
Townhouse Cluster	1447		1447	1.2
Backyard Shack		16461	16461	14.2
Informal Shack		31627	31627	27.2
Backyard flat	5567		5567	4.8
Rented Room	1121		1121	14.2
Other (e.g caravan)		358	358	0.3
Traditional Dwelling		2501	2501	2.1
Total	65463	50947	116410	100

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5. SERVICE DELIVERY BACKLOG





Service Backlog	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Water		30 June 2005		· •	30 June 2006		σ,	30 June 2007	
Backlog to be eliminated(Households not receiving minimum Standards of service)	15 500	3 500	n/a	33081	33081	17 905	17 905	17 905	n/a
Back log to be eliminated (% HH identified as backlog / total HH	23 %	:	n/a	28.37%	28.37%	15.36%	15%	15%	n/a
Spending on new infrastructure to eliminate backlogs.	41 785 00	41 785 000	35 000 000	43 199 140	43 199 140	29 478 340	29 352 800	29 352 800	n/a
Spending on renewal of existing infrastructure to eliminate backlog.	2 200 000	2 200 000	1 000 000	4 250 000	4 250 000	1 750 000	5 200 000	5 200 000	n/a
Total spending to eliminate backlogs	16 000 000	16 000 000	8 000 000	47 449 140	47 449 140	31 228 340	34 552 800	34 552 800	n/a
Spending on maintenance to ensure no new backlogs are created.	6 035 580	6 035 580	5 107 433	4 082 300	4 082 300	2 857 610	4 598 500	4 508 500	n/a
SANITATION									
Backlog to be eliminated(Households not receiving minimum Standards of service)	43 000	2 000	2 000	45 632	2 629	1 421	48 369	2 689	n/a
Back log to be eliminated (% HH identified as backlog / total HH	51.5 %	4.7%	4.7%	45.46%	5.76%	3.11%	45.76%	5.56%	n/a
Spending on new infrastructure to eliminate backlogs.	39 760 000	39 760 000	20 000 200	52 261 440	52 261 440	28 262 840	53 491 600	53 491 600	n/a
Spending on renewal of existing infrastructure to eliminate backlog.	1 700 000	1 700 000	1 700 000	966 120	966 120	573 672	2 259 080	2 259 080	n/a
Total spending to eliminate backlogs	000 000 6	000 000 6	1 000 000	53 227 560	53 227 560	28 800 512	55 750 680	55 750 680	n/a
Spending on maintenance to ensure no new backlogs are created.	4 402 080	4 402 080	3 849 311	816 100	816 100	693 685	856 905	856 905	n/a

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Service Backlog	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
REFUSE REMOVAL		30 June 2005		3	30 June 2006			30 June 2007	
Backlog to be eliminated (Households not receiving minimum Standards of service)	65000	2000	5000	5000	00009	10000	65000	65000	65000
Back log to be eliminated (% HH identified as backlog / total HH	23 %	n/a	n/a		2 000	2 000	10%	10%	10%
Spending on new infrastructure to eliminate backlogs.	2 mill	2 mill	200 000	200 000	3 mill	3 mill	3 mill	3 mill	3 mill
Spending on renewal of existing infrastructure to eliminate backlog.	3.5 mill	3.5 mill	3.5 mill	3.5 mill	1 mill	1 mill	6,5 mill	6,5 mill	6,5 mill
Total spending to eliminate backlogs	5.5 mill	5.5 mill	5.5 mill	5.5 mill	4 mill	4 mill	6 mill	6 mill	6 mill
Spending on maintenance to ensure no new backlogs are created.	2.75 mill	2.75 mill	2.75 mill	2.75 mill	1,7 mill	1,7 mill	2,8 mill	2,8 mill	2,8 mill
ELECTRICITY									
Backlog to be eliminated (Households not receiving minimum Standards of service)	1600	800	800	1600	835	835	835	835	835
Back log to be eliminated (% HH identified as backlog / total HH	23 %	1264 stands	1264	% /	4.5 %	4.5 %	4.5 %	4.5 %	4.5 %
Spending on new infrastructure to eliminate backlogs.	7200000	3600000	3600000	5520000	3000000	3000000	4500000	4500000	4500000
Spending on renewal of existing infrastructure to eliminate backlog.	4900000	3100000	884000	1000000	1000000	1000000	2500000	2500000	2500000
Total spending to eliminate backlogs	12100000	6700000	4484000	6520000	4000000	4000000	7000000	7000000	7000000
Spending on maintenance to ensure no new backlogs are created.	4000000	2091900	1300000	2500000	1500000	1500000	5000000	2000000	





Service Backlog	Required	Budgeted	Actual	Required	Budgeted	Actual	Required	Budgeted	Actual
Roads	67	30 June 2005		6	30 June 2006		3	30 June 2007	
Spending on new infrastructure to eliminate backlogs.	2450 000	2450 000	447 849	80000000	54000000	24000000	110000000	29000000	0000009
Spending on renewal of existing infrastructure to eliminate backlog.	5 595 369	5 595 369	5 358 907	2000000000	40000000	24000000	70000000	20000000	1000000
Total spending to eliminate backlogs	8 045 369	8 045 369	5 806 756	130000000	00000006	44000000	170000000	000000069	7000000
Spending on maintenance to ensure no new backlogs are created.	2430000	2430000 1188000	2427690 1184660	30000000	20000000	20000000	20000000	25000000	25000000

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Applications Outstanding 30 June 2006	Categories	Number of new applications received/ approved 2006/ 2007	Building and Zoning Plans Fees received Rand
	Residential New (Building Plans)	1475	396 119.94
	Residential additions	458	Included in the above amount
8	Township establishment	25	25 870
15	Rezoning	62	89 100.00
19	Subdivisions	132	13 251.00
33	Building line relaxations/Consent use	198	52 590.00
o	Consolidation	45	2 980.00

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7. USE AND DETAILS OF CONDITIONAL GRANTS

Applications Outstanding 30 June 2006	Cateç	Categories	Number of new applications received/ approved 2006/ 2007	Building and Zoning Plans Fees received Rand
Grant name and Purpose	Total Expected	Received	Expended	
LG Finance Assistance Grant	R600 000	R600 000	R517 742 (Balance to be used on same project in 2006/2007)	Implemented in accordance with conditions outlined
Municipal Systems Improvement Grant	R800 000	R800 000	R618 235 (Balance to be used on same project in 2006/2007)	Implemented in accordance with conditions outlined
Special Grant for Indigent registration	R350 000		R350 000 (Amount was claimed but nothing was received yet at year end)	Implemented in accordance with conditions outlined
Finance Management Grant	R1 000 000	R1 000 000	R925 161 (Ongoing project – Enhancement of Financial Management including Funding of Interns in Budget Office.)	Implemented in accordance with conditions outlined
Community/Public Library & Information Services' Grant (DSAC)	R650 000	R650 000	R351,781 (Balance carried over)	Implemented in accordance with conditions outlined
INEP (DME electrification)	R3 000 000	R3 000 000	R3 000 000	Implemented in accordance with conditions outlined
MIG	R33 189 000	R33 189 000	R33 189 000	Implemented in accordance with conditions outlined









Chapter3

Organisational & Human Resource Management





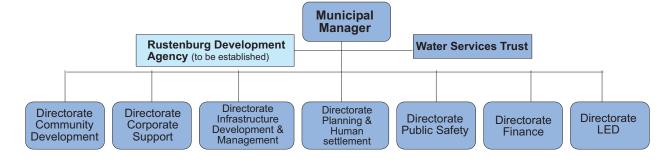


ORGANISATIONAL STRUCTURE

POLITICAL STRUCTURE



HIGH LEVEL ADMINISTRATIVE STRUCTURE



thapter





1. STRUCTURE AND FUNCTIONINING OF COUNCIL

1.1 About the Council

The municipality operates within an Executive Mayoral System combined with a participatory ward system. It has 36 wards and 72 Councillors with an Executive Mayoral Committee., Council has elected Cllr M J Wolmarans as the Executive Mayor, Cllr S S K Mabale-Huma as the Speaker and Cllr A S Sematu as Chief Whip.

The municipality operates within an Executive Mayoral System combined with a participatory ward participatory system. It has 35 wards and 69 Councillors with an Executive Mayoral Committee.

Council has elected Cllr M Wolmarans as the Executive Mayor, Cllr S Mabale-Huma as the Speaker and Cllr AS Sematu as Chief Whip.

The Council meets once a month to consider recommendations from several Portfolio Committees through a report from the Executive Mayor.

1.2 Council Committees and meetings held

Council has established the following Committees is terms of Section 79 and 80 of the Municipal Systems Act to Act to give political guidance and direction to Rustenburg Local Municipality:

Section 79 Committees

	Meetings Scheduled	Actual held
Rules of Order	10	0
Performance Audit Committee	10	10
Disciplinary Committee	0	1

Section 80 Committees

	Meetings Scheduled	Actual held
PFC: Corporate Support Services	10	9
PFC: Community Development Committee	10	7
PFC: Public Safety	10	8
PFC: Finance	10	8
PFC: Integrated Development Planning	10	6
PFC: Planning and Human Settlement	10	10
PFC: Local Economic Development	10	8
PFC: Infrastructure Development and Management	10	8

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Council and Mayoral Committee meetings held

The Executive Mayor appointed the following members of the Mayoral Committee and allocated portfolios as indicated below:

Section 80 Committees

MMC	PORTFOLIO COMMITTEE
Cllr B F Lekoro	Corporate Support Services
Cllr J Nxumalo	Integrated Development Planning, Women and Youth
Cllr N E Seduke	Community Development
Cllr K P Khunou	Infrastructure Development and Management
Cllr A N Motsi	Public Safety
Cllr S Lebelo	Finance
Cllr A Mataboge	Planning and Human Settlement
Cllr J L Molefe	Local Economic Development.
Cllr K Bogopane	Intergovernmental Relations.

	Meetings Scheduled	Actual held
Mayoral Committee	10	12
Council Meetings	10	11

2. CORPORATE SUPPORT SERVICES

The purpose of the Directorate Corporate support services is to provide an effective and efficient legal and valuation, administrative support and human resource service to the Rustenburg Local Municipality to ensure co-ordinated and integrated provision of services to the community.

3. DESCRIPTION OF THE HUMAN RESOURCE FUNCTION

The municipality has a mandate to administrate and manage staff recruitments, skills development, employment equity, payment of salaries and benefits, staff development, occupational health and safety, labour relations, staff discipline and institutional development and transformation.

In order to enhance the transformation process, the HR Unit developed and is maintaining specific frameworks, systems, structures and policies. These policies are essential for the smooth running of the Municipality and for championing the institutional transformation process by enhancing employment equity and skills development.

A consulting forum, the Employment Equity Forum was formed in terms of Section 16 (2) of the Employment Equity Act. A Local Labour Forum has been established in terms of the Organizational Rights Agreement. All the stakeholders, i.e. SAMWU, IMATU and the Employer are represented in the LLF. The LLF and its sub-committees meet regularly to address issues of mutual interest between the employer and labour.

4 ORGANISATIONAL DESIGN, CAPACITY & EMPLOYMENT EQUITY

The approved organizational structure of the Rustenburg Local Municipality was developed around the key functions of every Directorate and Unit. The key functions of directorates are linked to the IDP objectives of Council.

- Special improvements introduced to the organizational design and capacity building during FY 2006/2007:
- The approved organisational structure is reviewed on an ongoing basis to address identified problem areas and to align with the strategic objectives of





the Council. Organisational structures are developed

around the key functions of every directorate and unit, which in turn are linked to the IDP objectives of Council.

- A career Development Policy was developed and approved by Council and implementation will proceed in the last half of the third quarter this financial year.
- Since 2000, a total amount of R 9.5m was provided for skills development.
- More that 600 employees received training in terms of the Workplace Skills Plan (WSP).
- The WSP addresses short as well as long term needs of the Rustenburg Local Municipality.
- A study Bursary Scheme for employees has been implemented to assist employees to obtain tertiary qualifications.
- Experiential training was provided to enable 10 disabled learners to obtain practical experience in various administrative fields.
- The Municipality Support Programme is an initiative of the Dept of Minerals and Energy to implement the 5 year local government's infrastructure programme: Rustenburg Local Municipality accepted 6 engineering students who reside within the North West Province who will be deployed for a period of 12 months.

- Three Environmental Health interns deployed by the Dept of Environmental Affairs and Tourism are accommodated by the Rustenburg Local Municipality.
- Special Improvements and innovations introduced regarding Employment Equity during FY 2006/2007:
- Appointments are monitored continuously against the Employment Equity Plan of Council. In the past 7 years a total of 754 new appointments were made, whereof 58% are 35 years and younger and 98% are from designated groups.
- A Scarce Skills Policy was developed, approved and implemented by Council.
- An Employment Equity Forum was established to deal with all issues pertaining to affirmative action and employment equity. All stakeholders, in terms of legislation, are represented in the Forum.
- The Director Corporate Support Services has been appointed as the responsible senior manager for employment equity.
- Trade Unions (IMATU and SAMVU) attended training provided by the Department of Labour.
- Copies of a summary of the Employment Equity Act have been placed at various places throughout the municipality.





15 949 519 38 028 343 4 055 879 9 098 589 3 382 090 1 927 585 3 472 130 142 551 0 0 Cost **FEMALES** ≥ 0 33 0 0 0 2 42 4 ⋖ 0 0 0 0 0 0 ∞ 0 0 0 0 0 0 0 C $\mathbf{\omega}$ 126 46 385 171 7 22 0 0 _ 32 297 617 **93 282 408** 15 084 778 11 883 263 7 235 116 3 291 394 8 439 113 1 321 435 5 253 769 8 475 923 Cost MALE ≥ 104 16 17 24 17 9 ω ∞ 4 0 0 0 0 0 က 0 00 က 0 0 0 2 C 55 560 **869** 15 74 93 10 7 43 $\mathbf{\omega}$ ∞ Craft & Related Trade Workers Legislators, Senior Officials & Plant & Machine Operators Elementary Occupations Technicians & Associate Horticultural Workers Group Service Workers Professionals Professionals Managers Clerks Total

5. NUMBER AND COST TO EMPLOYER OF ALL MUNICIPAL STAFF EMPLOYED

6. TREND OF TOTAL PERSONNEL EXPENDITURE OVER THE PAST FIVE YEARS

Financial Year	Budget R'000	Actual R'000	Deviation (C	% Saving/ verspend	Total Actual Expenditure * R'000	Actual Salaries as % of Total Expenditure	% Increase against previous Year Budget	% Increase against previous Year Actual
2002/2003	128607	118949	9658	7.5	447970	26.6	20.6	11.6
2003/2004	145297	127799	17498	12.0	472564	27.0	13.0	7.4
2004/2005	162703	142230	20473	12.6	588221	24.2	12.0	11.3
2005/2006	179594	156478	23116	12.9	484794	32.3	10.4	10.0
2006/ 2007	198976	167836	31140	15.65	673124	24.93	10.8	7.3

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7. NUMBERS OF STAFF PER FUNCTION PLUS VACANCIES AS AT 30 JUNE 2007





Directorate	Function/Section	No. of post a	as at 30 June 106	No. of post as at 30 June No. of post as at 30 June 2006	at 30 June 7	Vacancies (Long term
		Posts	Employees	Posts	Employees	be filled at this stage).
, tier	Management & Other	∞	9	∞	7	~
Development	Clinic Services/ Health	i				
<u></u>	Services	51	31	51	41	10
	Community Facilities	431	274	431	284	147
	Libraries & Information					
		54	30	54	35	19
	Sub-total	544	341	544	367	177
	Management & other	4	4	4	4	0
Sorvings		35	26	35	24	11
S C C C C C C C C C C C C C C C C C C C	other					
	Human Resources	25	17	25	17	8
	Management					
	Legal & Valuation	2	_	2	_	_
	Sub-total	99	48	99	46	20
	Management & other	12	10	12	10	2
Infrastructure	Civil Facilities & Maintenance	31	22	31	10	21
Development Management		210	112	210	134	92
•	Services					
	Mechanical Engineering	61	36	61	34	27
	Services De de Octobre	107	7	107	7	C
	Roads & Storm Water	/01	171	/01	/	nc nc
Infrastructure	Waste Management	154	121	154	110	44
Development	Water & Sanitation	144	96	144	118	26
Management	Sub-total	798	518	798	533	265
	Management & other	7	9	7	4	က
	Building Control & Regulations	1	8	7	8	3
Planning &	Development Planning	16	2	16	7	6
Development	Housing & Properties	35	18	35	22	13
	Environmental Management	2	2	2	2	3

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Directorate	Function/Section	No. of post a	ss at 30 June 06	No. of post as at 30 June No. of post as at 30 June 2006	at 30 June	Vacancies (Long term
		Posts	Employees	Posts	Employees	be filled at this stage).
	LED	18	4	18	7	7
	Sub-total	92	43	92	54	38
Dublic Safety	Management & other	10	10	10	6	_
	Emergency & Disaster	29	20	29	48	19
	Licensing & Testing	89	50	68	33	35
	Traffic & Municipal Police	162	104	162	111	51
		307	214	307	201	106
Finance	Management & other	2	2	2	2	0
	Revenue & collection	65	38	65	41	24
	Financial Administration	41	25	41	38	3
	Sub-total	108	65	108	81	27
Office of the Executive Mayor		59	4	59	26	ო
Other		41	31	41	16	25
Office of the Municipal Manager		4	0	4	ဗ	1
Office of the Speaker		4	0	4	က	-
	Sub-total	78	35	78	48	30
	Total	1989	1254	1989	1330	629

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SKILLS	
DUCATION AND TRAINING IMPLEMENTED TO ACHIEVE TRAINING AND SKILLS	ly 2006 - 30 June 2007
IMPLEMENTED TO ACHIEVE TRAINING	period 01 July 200
RAINING IMPLEM	NORITIES for the I
EDUCATION AND TR	DEVELOPMENT PRIORITIES for

8. SKILLS / LEVELS OF EDUCATION ATTAINED BY STAFF

	Indicative spend per level -R	R 99 000.00			R 116 700.00				R 72 000.00									R 166 000.00					
Duration of intervention	Months															0.1							
Duration of tervention	Меекѕ			4				8		3	က	ဗ	2	2	3	2			က	2	က	2	2
i ii	Not NOF linked Days																						
evel	8																						
QF le	L																						
at N	9							7															
If informal at NQF level	S			30									_	_	1		2		_	_	7		
infor	Þ									2	က	က		_								က	2
<u></u>	3																					7	က
	7																						
	ı																						
Nature of learning intervention	Formal			30				11		2	က	က	_	2	_	2	2		_	_	2	2	8
Nat lea inter	Informal																						
	No. to receive training			30				11		2	က	လ	~	2	_	2	2		_	-	2	2	80
	Skills Priority No.			3,7				9,2		6,4	4,	6,4	က	9	_	1	3		9	9	6,4	_	1,4
Kind and number of beneficiaries	Employment category	Leadership and Governance SOC100	Executive Mayor	Councillors,		Directors	Municipal Managers	Department/Division Heads	Professionals SOC200	Health care	LED	Water conservation/treatment	Client services	Community development	Land management	Environmental management	Core administration	Technicians and Associate Professionals SOC300	Health care	Public safety/Emergency services	LED	Water conservation/treatment	Parks/community facilities

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				•											
Kind and number of beneficiaries	,		Nature of learning intervention	re of ning ention		=	info	mal	If informal at NQF level	F le	le l	Dul	Duration of intervention	- u	
Employment category	Skills Priority No.	No. to receive training	Ismroini	Formal	5 ا	8	7	9	9	<i>T</i> 8	Not NQF Iinked	Days	Weeks	SdinoM	Indicative spend per level -R
Community development	4	2		2			7					က			
Environmental management	_	_		_				_					7		
Electricity	_	2		2				7					7		
Core administration	_	2		2			7					က			
Core finance	4	_		_				_				က			
Skilled Agriculture and Fishery Workers SOC600															R 12 000.00
Parks/community facilities	_	3		3			3		7			2			
Clerks SOC400															R 218 000.00
Health care	4,3	2		2			7					3			
Public safety/Emergency services	3,4	7		7			7					က			
Client services	3,4,8	13		13			13					က			
Community development	3,8	2		2			2					က			
Land management	3	-		_			_					က			
Housing administration	3,4,8	13		13			13					3			
Environmental management	3	1		-			_					3			
Roads	4	2		2			7					က			
Electricity	3,4	9		9			9					3			
Core administration	3,4,8	22		22			22					က			
Core finance	3,4,8	39		39			39					က			
Service Workers SOC500															R 180 000.00
Health care	3,4,	9		9		7	9					3			
Public safety/Emergency services	3,4,8	46		46		က	22	26				32	7		
Client services	3,5	3		3			က					က			
Electricity	2,1	18		18			10	8				3	2		
Plant and Machine Operators SOC800															R 400 000.00
Public safety/Emergency services	_	_		_			_					2			

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Employment category Priority Parks/community facilities Tight Parks/community facilities Tight Parks/community facilities Tight Tigh	Formal	7 0 7	2 1 1 2 2 3 7 4	S	9	8	Ž				
onservation/treatment 1,2 10 10 noneworkers SOC700 1,2 19 19 1,2 19 19 1,2 12 2 1,2 12 12 1,2 12 12 1,2 18 18 1,2 8 8	10 10 19 19 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2						NQF	Дауѕ	Weeks	Months	Indicative spend per level -R
ervices 3 2 2 ommunity facilities 1,2 12 12 ity 1,2 18 18 ity 1,2 8 8	2 2 7 8 8 9 9							10		12	
ervices 3 2 ommunity facilities 1,2 12 1,2 12 13 ity 1,2 8 and Related Workers SOC700 1,2 8	2 1 1 1 2 2 2 8 8 2 2 2	2 - 0								12	
ommunity facilities 1,2 12 18 1,2 18 1,2 18 1,2 18 1,2 18 1,2 18 1,2 14 14 1,2	8 8 2	2 - 0						3			
ty 1,2 18 11.2 18 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2 1.2	8 8 2	÷ (4			_			2			
1,2 8	∞ ιν							3	2	12	
Craft and Related Workers SOC700	2							7	7	12	
	2				-						R 30 000.00
Electricity 1,3 5 5 2		2 1	1 2					2		12	
Elementary Occupations SOC900											R 420 000.00
Public safety/Emergency services 1,2 1,1 11 5	11	5 6						2			
Water conservation/treatment 1,2 61 61 17	61	17 27	7 17					က	7	12	
Waste 1,2 63 63 20	63		10 33					က	7	12	
Client services 1 2 1	2	1								12	
Parks/community facilities 67 67 25	29	25 33	3 9					3	2	12	
Land management 4 4 4	4	4						2			
Roads 1,2 26 26 8	26	8 7	7 11								
Electricity 1,2 15 15 6	15	9	7					က	7	12	
Apprentices											
TOTALS 600 600	009										1,713,700.00





9. NUMBER AND NAMES OF PENSION AND MEDICAL FUNDS

Pension Funds

- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- Joint Municipal Pension Fund
- Government Employees Pension Fund Medical Funds
- SAMWUMED
- LAMAF
- MUNIMED
- BONITAS
- GLOBAL HEALTH
- DISCOVERY
- HOSMED

According to SALGA, all the above schemes complied in December 2003 with the first 6000 threshold requirements.

10. INFORMATION AND COMMUNICATION TECHNOLOGY SYSTEMS

Connection of Automatic Vending Machines

The System for managing prepaid electricity was enhanced with the installation of wireless network infrastructure to connect all automatic vending machines to the municipal wide area network. This has enabled the linking of Automatic Vending Machines with the server for the Electricity Prepaid System. This process has enabled the automatic vending machines to extracts data directly to the server via the wide area network.

Daily provision of IT Support Services and Maintenance of existig systems

79 % of the amount budgeted for maintenance and repairs of IT equipment were spent on maintenance and repairs of it equipment including the network infrastructure. This included the installation of a webfiltering tool as well as the registration of the Rustenburg.gov.za domain. The domain was effected on the E-mail systems as well as the Municipal website (http://www.rustenburg.gov.za)

The following IT support services were provided during the financial year :

- Maintenance of the Local and Wide Area Network Infrastructure
- User support on all information systems.
- Maintenance and repairs on IT equipment.
- · Server maintenance of the Promis Server
- Daily backups of servers on all Information Systems.

OPERATIONAL BUDGET ON LICENSE FEES WAS SPENT ON THE LICENCES AND MAINTENANCE OF THE FOLLOWING SYSTEMS:

 Promis - Municipal Financial System Income

Effectiveness of the system

Promis ensures that the municipality complies with the MFMA in terms of the following :

- Accounting Services
- Payment and management of creditors and supply chain management
- Budgeting Overall management of the municipal budget and expenditure.
- Monitoring of Revenue and Expenditure as indicated in the MFMA
- The systems captures transactions on payment of water, electricity, rates and other municipal services that the consumers or citizens of the municipality have to pay for.
- UNIQUE Human Resource Management System

Effectiveness of the system

Unique keeps records of employees and assists with the management of data in terms of skills development and equity plan.

• PAYDAY - Administration of salaries

Effectiveness of the system

Pay day is used for salaries administration and ensures that employees recorded on the system receive salaries on pay day as required.





 TRAFMAN – Traffic Management System for the administration of licences :

Effectiveness of the system

Traffman administers payment of traffic fines and captures all transactions on payment of traffic fines. This systems is responsible for revenue collection by the Public Safety Directorate.

- DR. DOC DOCUMENT MANAGEMENT SYSTEM
- Effectiveness of Dr. Doc
- Dr. Doc is used for Administrative processes of council which includes document management, management of council agendas and minutes, circulation, precervation and care of documents as well as corresponce management.
- PROJECT TRACKER PROJECT MONITORING SYSTEM
- Effectiveness of the System

Project tracker assist with project monitoring in terms of progress report on project implementation, project management and financial reporting on projects.

• **CONTOUR** – Is used by tellers at the rates hall for selling electricity to the public.

Efectiveness of the System

This system is used for generating income in terms of electricity and for selling electricity to the public. This system is essential in terms of financial reporting and electrical services to the public. The system is used by cashiers in the rates hall where there are point of sale for prepaid electricity.

 ADO – Runs on Automatic Vending Machines and extracts financial data from the Automatic Vending Machines to the Prepaid server. (AVM 1 to 12)

Effectiveness of the system

This systems runs on Automatic Vending ensures that all transactions for selling prepaid electricity o automatic vending machines are captured and polled to the service for the purpose of accounting for electricity sales and for the purpose of financila reporting.

GEOGRAPHIC INFORMATION SYSTEMS

During the year under review there were additions that were effected on the Geographic Information Systems (GIS).

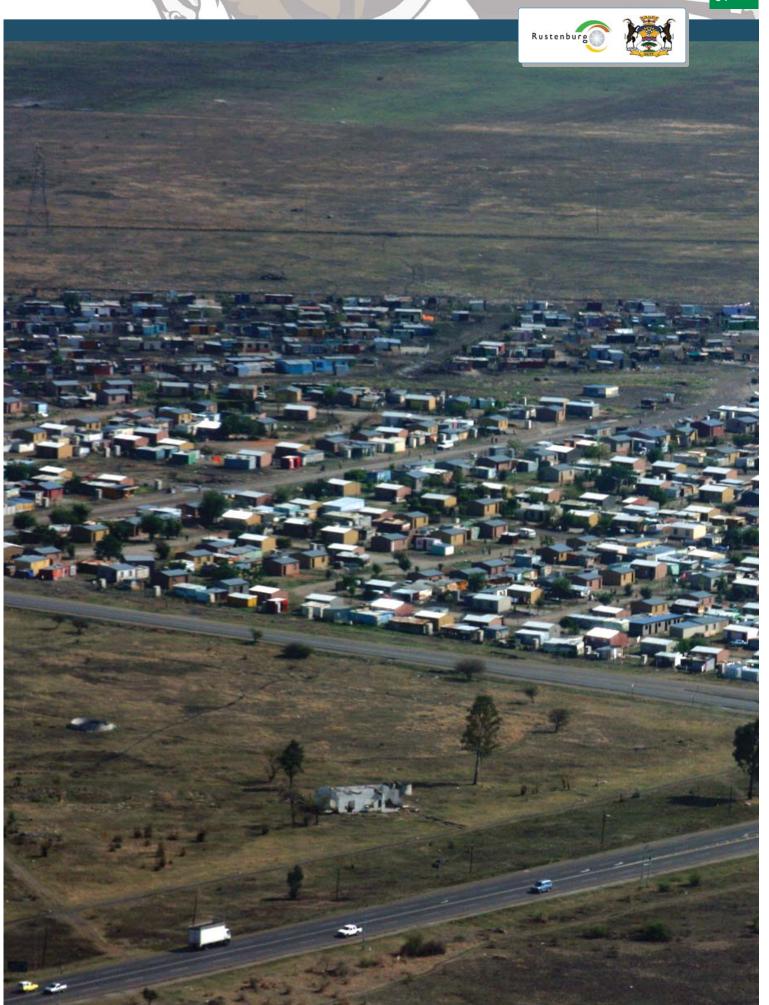
- · The following data sets were captured
- Location of Conservation areas
- · Location of Heritage Sites
- Archaelogical points and Areas
- Cultural Historic Sites
- · Municipal Policing areas across the municipality
- · Categories of Land use across the municipality
- Mining areas per company e.g. Lonmin, Anglo platinum and Impala, accross the municipal area
- Fringes, Mining lease areas and activities
- Mining residential areas
- Mine Quarries
- Primary Open Spaces

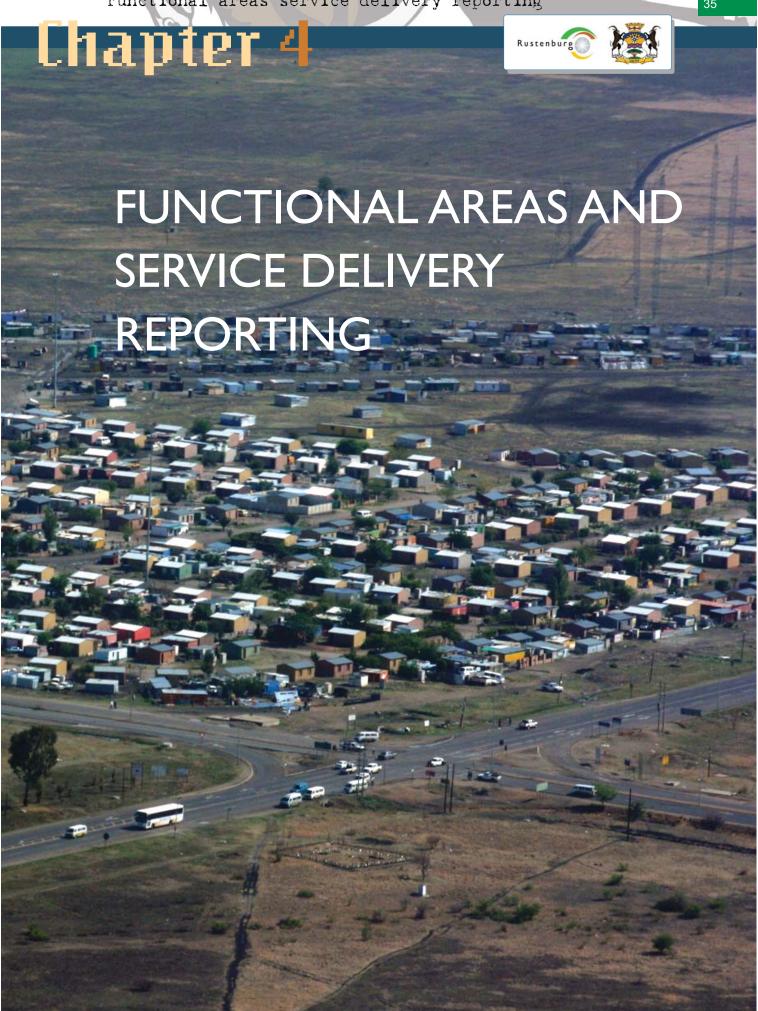


Rustenburg

Chapter 4

Functional Areas Service Delivery Reporting









FUNCTIONAL AREAS AND SERVICE DELIVERY REPORTING

Functional Areas and Service Delivery Reporting

1. FUNCTIONAL AREAS

1.1 CORPORATE SUPPORT SERVICES

Functions of the Department

- Human resources acquisition and maintenance.
- Human resources employment relations.
- Human resources employee training and development.
- Legal and valuation support.
- Committee work, reproduction and distribution.
- General administration.
- Archive management.

Corporate Objectives that the Department Leads

Institutional viability and transformation.

Corporate Objectives that the Departments Supports

- Financial viability
- Local economic development and job creation
- HIV/AIDS
- Democracy and participation

1.2 INFRASTRUCTURAL DEVELOPMENT AND MANAGEMENT

Functions of the Department

The mandate of the Directorate Infrastructure, as per Allocated Powers and function

Electricity Reticulation

Bulk supply of electricity which includes the supply, transmission, distribution and where applicable; generation of electricity to areas where the municipality has been providing this services prior to authorisation.

- Storm Water Management of systems to deal with storm water in built-up areas
- Water Establishment, operation, management and regulation of a portable water supply system, including the services and infrastructure required.
- Sanitation Establishment, operation, management and regulation of a potable water supply system, including the services and infrastructure required.

- Municipal Roads Construction, maintenance and control of a roads.
- Street Lighting Provision and maintenance of lighting for illuminating of streets.
- Municipal Public Works Any supporting infrastructure or services to empower a municipality to perform its functions.

Corporate Objectives that the Department Leads

- To be responsive to community needs regarding basic water, sanitation, electricity and solid waste.
- To facilitate affordable services.
- To identify communities with no access to basic services.
- To maintain and upgrade the level of existing services to meet the required standards.
- To ensure provision of free basic services to all indigent households.
- To ensure and pursue job creation through employment of local residents on capital projects undertaken within the municipality area.

Corporate Objectives that the Departments Supports

- To enhance sound and sustainable financial management.
- To encourage payment of services.
- To establish an organisational structure supportive of Employment Equity competencies of developmental local government.
- To promote capacity building through skills development.
- To create a management information system in order to create a database for informed decisionmaking.
- To promote participatory governance in all matters of the municipality.
- To promote Local Economic Development and Job Creation through SMMEs
- To promote public and stakeholder participation in matters of local government.
- To establish community participatory processes and structures.

1.3. PLANNING AND HUMAN SETTLEMENT

Functions of the Department

- Development Planning (Estates Administration; Future Planning; Land Use and Law Enforcement)
- Environment Management (Policy Review and Research; Assessment and Monitoring; Management Systems and Auditing; Education,

chapte.







- Housing Provision (Rental Administration; Housing Schemes)
- Building Control and Regulation (Building Inspectorate)

Corporate Objectives that the Department Leads

- To accelerate housing delivery
- To accelerate and ensure the establishment of compact communities
- To ensure proper maintenance of our environment resources and environmental awareness through education

Corporate Objectives that the Department Supports

- Provide democratic and Accountable Government.
- Provision of Services to communities in a sustainable manner.
- Promote safe and healthy environment.

1.4. LOCAL ECONOMIC DEVELOPMENT & INTERGOVERNMENTAL RELATIONS

Functions of the Department

 Economic Development (Tourism Development; Agriculture Development; Community Projects and Poverty alleviation and Investment Promotion; Economic Research and Marketing)

Corporate Objectives that the Department Leads

 To continue creating economic opportunities and a conducive environment for investment opportunities in Rustenburg

Corporate Objectives that the Department Supports

- Provide democratic and Accountable Government.
- Provision of Services to communities in a sustainable manner.
- Promote Social and economical Development.
- Promote safe and healthy environment.

1.5. COMMUNITY DEVELOPMENT

Functions of the Department

- Provide and maintain cemeteries and parks,
- Provide and maintain sports facilities and swimming pools
- Provide and maintain community halls
- Provide clinic services
- Provide environmental health care
- Provide HIV and AIDS programme
- Provide library and information services

Corporate Objectives that the Department Leads

- To ensure social development of communities
- To provide a comprehensive Primary Health Care
- To ensure the implementation of HIV and AIDS programme

Corporate Objectives that the Departments Supports

- To practice sound and sustainable financial management
- To promote a culture of payment for services
- To promote capacity building through skills development
- To manage an organisation structure supportive of Employment Equity

1.6 PUBLIC SAFETY

Functions of the Department

- Traffic services
- Licensing and testing
- Fire and disaster and management
- Municipal Police and Security

Corporate Objectives that the Department Leads.

- To promote safety and security
- Manage traffic and public transport
- To ensure provision of adequate disaster

una piter





management and emergency services

Corporate Objectives that the Departments Supports

- To enhance and optimise all current and potential revenue sources
- To promote culture of public service in accordance with Batho Pele principles

1.7. FINANCE

Functions of the Department

The Finance Directorate is divided into two main Units namely Financial Management Services and Accounting Services. The sub-functions can be summarised as follows:

Financial Management Services

- Financial control
- Budgets
- Financial Statements
- Reporting
- Investments
- Insurance
- Creditors
- Supply chain management

Stock control

Asset Management

Accounting Services:

- Consumer debtors
- Sundry debtors
- Valuation roll & Assessment rates
- Revenue collection
- Credit Control
- Indigent Administration
- Consumer enquiries
- Meter readings

Corporate Objectives that the Department Leads

- To practice sound and sustainable financial management.
- To promote a culture of payment for services.
- To enhance and optimise all current and potential revenue resources.
- To ensure an effective internal audit service.

Corporate Objectives that the Departments Supports

- To promote capacity building through skills development.
- To promote performance excellence.
- To manage an organisation structure supportive of the Employment Equity.
- To promote public and stakeholder participation in matters of local government.

2 SERVICE DELIVERY REPORTING

2.1 BASIC SERVICE DELIVERY

KPI 1 Number of km of roads upgraded and maintained	Target	Actual
	500	1074km plus 543.25m ² Patching

Completion certificates submitted for work done in: Lekgalong, Maumong, Lethabong, Marikana , Tlapa, Rankelenyane, Mosenthal, Ramochane, Boitekong Ext 1,2,8,23, Ikageng, Oliphantsnek, Bethanie, Million Dollar, Meriting Ext2, Kopman, Phatsima, Ikemeleng & Robega; Water fall East; Zinniaville; Moroka Street; Kloof; Kanana; Cuckoo Avenue

KPI 2 Number of Taxi ranks developed and upgraded	Target	Actual
	2	0

Due to the Integrated Transport Plan, Taxi Rank Master plan and the lease condition of land earmarked for one of the taxi ranks, all projects for taxi ranks were suspended. It is worth noting that MIG had given registrations for two ranks in the same vicinity as the main taxi rank. It was also agreed during the acting Director's performance assessment that the KPI will be removed.

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	Target	Actual
KPI 3 Percentage completion of phase 2 incomer station.	Commissioning	Not met

There were budgetary constrains relating to the project. R2.4 was budgeted for the financial year under review. An application was made to DME and an amount of R9.6m was approved by DME on the 2nd April 2007, which will in terms of Dora allocation be used in the 2007/2008 financial year. During the assessment with the acting Director it was agreed that the rating on the same KPI will no apply.

	Target	Actual	
KPI 4 Maintenance of electricity infrastructure in accordance with the Electricity Maintenance Plan.	100%	100%	

The maintenance of electricity infrastructure was done on an ad hoc basis, as per requests and complaints received as a result of the deteriorating state of the infrastructure. Money budgeted for maintenance was spent.

KDI 5 % O and discontinuo Manada da O and da		
KPI 5 % Completion of the Monakato Sewage treatment plant "	100%	100%

A report served before Council per item 127 on the 26 April 2007 informing council on the progress of the RWST on taking over the operations.

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	Target	Actual	
KPI 6 Percentage of registered indigent households having access to basic services	100%	100%	

All applications received were evaluated and processed. 100% of approved registered indigent households received basic services

The following number of applications were received and processed during the past Financial Year (Jul '06 – June '07):

Month	Received	Approved	Rejected	Total processed	In Process
July 2006	175	162	13	175	0
August 2006	163	154	9	163	0
September 2006	216	206	10	216	0
October 2006	225	215	10	225	0
November 2006	122	115	7	122	0
December 2006	356	332	24	356	0
January 2007	226	215	11	226	0
February 2007	317	303	14	317	0
March 2007	216	212	4	216	0
April 2007	204	199	5	204	0
May 2007	143	138	5	143	0
June 2007	104	95	9	104	0
Total	2 467	2 346	121	2 467	0

- 1. An indigent subsidy of R3 987 546.99 was provided to 3 800 registered indigent households during the 2006/07 financial year.
- 2. A special project was undertaken to register indigent households in rural areas where services are not provided by the Council but by suppliers like Eskom. A total of 7877 households were registered at a cost of R350 000.

	Target	Actual
KPI 7 Number of households with access to VIP sanitation	1940	2563

VIP projects were completed in the following areas:

- Ikageng 425
- Nkananeg 783
- Bethanie, Modikwe, Berseba 500
- Rankelenyane 855

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	Target	Actual
KPI 8 Number of km new roads developed	12km	18.21km

18.21km of new roads were completed during the period under review.

- 1.10km Makolokwe
- 1.47km Bethani
- 1.0km Road no.1
- 1.1km Freedom Park x2
- 7.9km Waterval East
- 0.830km Mabitse
- 1.5km Berseba
- 0.5km Tlhabane
- 2.81km Boitekong & Meriting

KPI 9 Number of households with access to basic level of	Target	Actual
KPI 9 Number of households with access to basic level of water.	9045	1877

- Lethabong (Completion of water reticulation): 1280 households completed
- Robega- 597 households out of 1447 planned due to termination of contract
- Maumong 597 households planned contractor terminated
- RTB Ext 13 1501 households (work in progress)
- Rankeleyane 730 (work in progress)
- Bokamoso 1076 (work in progress)
- Bethanie, Modikoe & Barseba 3537 (work in progress)
- Phatsima 324 (work in progress)

KPI 10 Number of households with access to basic electricity.	Target	Actual
KPI 10 Number of households with access to basic electricity.	800	825

825 households in Boitekong 22/23 were provided for the first time during the year under review with basic electricity connection.

	Target	Actual
KPI 11 Number of swimming pools constructed	1	3 in progress

Tender process was done during November 2006 for construction of Meriting swimming pool Contractor was on site effectively from March 2007. The project registered good progress but was not completed as at the end of the year under review.

Two other MIG approvals for swimming pools (Tlhabane **and Monnakato**) were received in August 2006 for projects which were not initially budgeted, Consultants were appointed in March 2007 for the designs, specifications and for appointment of contractors and monitoring of the projects. The ender advertised in March 2007 for the Tlhabane and Monnakato swimming pools. Completion of additional projects will be accounted for during the 2007/2008 financial year.

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	Target	Actual
KPI 12 Number of sport facility upgraded	2	3

During the period under review three sports facilities were upgraded at Phatsima, Monnakato and Tlhabane.

	Target	Actual
KPI 13 Number of parks developed.	1	1

MIG approval for funds for the development of park in Bester was received in February 2007 Tender for appointment of contractor advertised from 07 March 2007. Angel Trading and Projects contractor appointed end of March 2007 for park in Bester The first phase of the development of the park was completed. Development included the installation of the irrigation system, beam fencing, and planting of 40 trees.

	Target	Actual
KPI 14 Number of community hall constructed	1	0

Sobek Engineering (PTY) Ltd appointed during March 2007 for the designs, specification and project monitoring for Sunrise park community hall. The tender advertised on 27/04/07 The project was at an initial stage as at the end of the financial year

	Target	Actual
KPI 15 Number of Community halls upgraded	2	2

The upgrading of Tlhabane Community hall was completed during the second quarter. At the end of the financial year the contractor had finalized the sealing of floor and the replacement of the doors at Marikana community Hall.

The actual upgrading completed was one and the other project had registered sufficient progress.

	Target	Actual
KPI 16 Number of libraries constructed	1	0

An item was submitted to council in November, 2006 to return funds to the Department of Arts and Culture (DoA&C) because of insufficient funds to build the library and they wanted the Department of Public Works to appoint and supervise the contractor and municipality to pay without having control over the project.

In December 2006 DoA&C requested that the money not be returned and requesting to transfer the outstanding balance of R2,488,645 and an item was again submitted to council in January2007 with regard to their request. Tender were advertised in March 2007 for Tlhabane library and appointment of the contractor in early May 2007. The money was transferred in February 2007.

Delay in the project was due to reasons outside the control of the Municipality

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	Target	Actual	
KPI 17 Number of houses built	2000	2178	

1265 happy letters were issued

800 units in freedom park were completed and ready for occupation

113 units certified completed in Seraleng

	Target	Actual
KPI 18 Number of PMTCT sites established	2	2

PMTCT services are rendered at Sunrise Park and Annah Legoale Clinics.

	Target	Actual
KPI 19 Number of points duties	480	1404

Point duties have increased as a result of big events hosted in the City. The table below illustrates the number for the period under review.

Month	Number conducted
July 2006	250
August 2006	120
September 2006	210
October 2006	210
November 2006	199
December 2006	135
January 2007	
February 2007	60
March 2007	70
April 2007	51
May 2007	59
June 2007	40

	Target	Actual
KPI 20 Number of arrive alive campaigns	2	2

During the period under review two arrive alive campaigns were conducted through the festive and Easter seasons.

	Target	Actual
KPI 21 Percentage completion of Disaster Management Plan	100%	100%

A Disaster Management Plan was at a final draft stage by the end of the second quarter. During the third quarter the plan was integrated with the Disaster management and risk assessment Plan and included in the IDP.

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2.2 MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

	Target	Actual
KPI 22 Timeous Development and submission of the 2006/07 WSP	Submission of WSP to LGSETA	WSP submitted to LGSETA

The WSP was approved by Council on the 26th June 2007 as per item 240 and submitted to LG SETA. This WSP also served before the Local Labour Forum meeting in the same month prior to serving before Council.

	Target	Actual
KPI 23 Management Development Program	Directors and Unit Managers to compile program	Training Program was completed.

The Graduate Institute of Management and Technology was appointed to facilitate management development programme. Ten Unit Managers were nominated to participate in the program. Two of the 10 unit managers resigned from the municipality and did not complete the programme. Of the remaining 8 managers 6 submitted their assignment on time and were declared competent and two requested extensions.

	Target	Actual
KPI 24 Timeous submission and acknowledgement of the EE Plan by the DOL	New plan	New plan developed

The new 2006 – 2008 employment equity plan was submitted to Council per item 442 on 27 September 2006.

The Department of Labour acknowledged receipt of the plan per letter, dated 2 October 2006.

KPI 25 The number of people from employment equity target	Target	Actual
groups employed in the three highest levels of management in compliance with the a municipality's approved employment equity plan on new appointments	As per equity plan	As per equity plan

A full report indicates appointments in line with employment equity plan. Appointment of vacant director's positions was not done as at the 30 June 2007. Senior managers at reporting levels 2 and 3 are represented 8 black females, I white female, 15 black males and 7 white males

KPI 26 Percentage completion of the ICT Strategy plan.	Target	Actual
	100%	75%

Part One of the ICT strategy has been completed. The Master System Plan (MSP) was developed. The MSP review and analysis of the internal municipal system requirements was conducted and systems requiring improved efficiency identified.

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	Target	Actual
KPI 27 % Completion of AQM System	100% by June	100%

Procurement processes for installation of the Ambient Air Quality Monitoring Station were completed in April 2007 and an order completed during May 2007. The Stations delivery from Germany and installed.

	Target	Actual
KPI 28 % completion of the Roads and Storm Water Master Plan and Road information system"	100% by June	57%

The Plan and system was registered as 57% complete as at 30 June 2007. The evaluation of bids was conducted on the 31 October 2006 and the award was finalized in February 2007

	Target	Actual	
KPI 29 Percentage completion of the review of the Water Services Development Plan	100% by June	90%	

The R 500,000 grant received from DWAF was used to develop Water and Sanitation Master Plans. The Water service development plan was incorporated into the Water Master plan, As at the end of the financial year the draft was in place but delayed to serve before council awaiting comments from the Directorates

	Target	Actual
KPI 30 Number of completed phases of the Integrated Waste Management Plan	Phase 1	Phase 1 completed

Phase 1 of the integrated Waste management Plan was already achieved in June 2006; It was agreed during the assessment of the director that the same KPI be removed and not rated.

	Target	Actual
KPI 31 % of land sale transactions finalized	60%	85%

723 registrations are reflected in the land sales register. Due to the length of the conveyancing process the sales transactions that were done towards the end of the 2006/2007 financial year will be completed in 2007/2008 and the funds generated from these transactions will reflect in the 2007/2008 financial year.

KPI 32 Hectares of land proclaimed for Housing purposes."	Target	Actual
THE TOTAL PROGRAM PROGRAM TO A TROUBLE PROGRAM.	30 ha (436)	268ha

A total of 268 ha were proclaimed by Council out of the 1283ha that is in a process of being proclaimed. This includes the township of Phatsima x1, Boitekong x16 and Geelhoutpark x8. If one considers areas such as Seraleng and Seraleng x1 another 343.2ha can be added to the 267ha.

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	Target	Actual
KPI 33 Adopted SEA Spatial Framework	100%	100%

The SEA 2 spatial framework was adopted in terms of the delegated powers by the Executive Mayor as per item 531 on the 27 December 2006

	Target	Actual
KPI 34 Operational Municipal Court	100%	90%

The structure of the Court has been completed.

The Memorandum of understanding has been signed with the department of Justice. Interviews for prosecutors were scheduled for 14 May 2007 and were conducted. The recommendation was submitted to NPA for appointment and still awaiting confirmation of appointment. Two clerks of the court were appointed and are currently working in collaboration with Rustenburg and Bafokeng magistrate courts.

	Target	Actual
KPI 35 Quarterly Bylaw enforcement reports	4	4

26 operations on the enforcement of Bylaws were conducted during the financial year under review. The consolidated report for the whole year under review reflects the operations in detail.

	Target	Actual
KPI 36 Percentage implementation of the 2010 Transport Priority Statement	75%	100%

A grant of R4 million was received from the National Department of Transport for an Integrated Transport Plan for Rustenburg.

Tenders were invited and closed in October 2006.

The National and Provincial Departments of Transport were invited by the Rustenburg Local Municipality to compile a short list of bidders to be invited. The tender was adjudicated in January 2007.

The service providers for a similar study for the North West Provincial Government & the Bojanala Platinum District Municipality were invited to a meeting in January 2007 with Rustenburg Local Municipality's service provider to ensure an integrated transport plan for the three authorities.

The Integrated Transport meetings have commenced and Mr. N. Pretorius was appointed the chairperson of the Integrated Transport Plan.

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	Target	Actual
KPI 37 Percentage of operational plan implemented	75%	100%

The Rustenburg Host City approved an Organizational Structure; the 2010 Coordinator was appointed on 1 September 2006 and it makes provision for the following:

- Oversight Committee: Executive Mayor (RLM): Chairperson; Executive Mayor (BPDM) and Kgosi (RBN)
- ➤ Host City Management Forum
- 12 x Technical Committees and chairpersons identified
- > Key Performance Indicators identified
- > Stakeholders identified

The Host City Conference was held on 5 December 2006

The District Summit was held on 20 March 2007

The Provincial Summit was held on 3 & 4 April 2007 to prepare an Integrated Provincial Master Plan to support the Host City

KPI 38 Number of jobs created through municipality's capital and	Target	Actual
EPWP projects.	1200	1444

Meriting and Boitekong Internal Roads (EPWP)

- 22 Learner contractors appointed
- 44 Learner supervisors appointed
- 488 labourers appointed

890 work opportunities created through Municipal Capital Works

KPI 39 Number of permanent jobs initiated through Council's	Target	Actual
LED initiatives	400	100

The KPI was not achieved as targeted. The soft ware database of the BALC to be upgraded to link with directly with employers. The upcoming projects in the 2007/08 financial year to be orientated towards achievement of this KPI

KPI 40 Number of temporary jobs initiated through Council's LED initiatives	Target	Actual
	600	59
The KPI was not achieved as targeted		

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	Target	Actual
KPI 41 Facilitation of the establishment of mining supply park	100%	50%

The municipality plays a facilitator role only for the establishment of the mining supply park, and progress is entirely dependant on Xstrata.

Province has intervened into the matter. As an improvement measure all other mining houses will be engaged, the role of all role players including Xstrata will be clearly defined, and information will be gathered from Invest Northwest.

	Target	Actual
KPI 42 Number of agricultural projects established	4	2

The KPI has been partially achieved for the period under review. Adverts were posted for the two projects, one at Mimosa and the other at Town Lands. The service provider for the latter withdrew. Bids for appointment of service providers were posted for the second time. For both projects sites have been established, debushing was done and fencing erected. Agricultural business has not yet commenced.

	Target	Actual
KPI 43 Number of workshops conducted for SMMEs	12	4

4 workshops were arranged for the SMME's during the period under review.

- Hospitality industry stakeholder workshop 26 September 2006
- Bojanala cooperative workshop 12 -16 March 2007
- Tourism stakeholders summit 25 August 2006
- Caterers workshop 13 October 2006

	Target	Actual	
KPI 44 Percentage of Bids awarded to HDI, women and Youth.	55%	115%	

A total of **83** bids were adjudicated during the financial year under review. 36 companies satisfied the requirement of the Local content. **54** of the companies awarded bids satisfied the company HDI status ranging from 40% - 100%. 12 companies of the 83 has women ownership ranging from 40-100%

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	Target	Actual
KPI 45 Quarterly reports on procurement statistics to Council	4	4

- 1. Quarterly reports were submitted on bids awarded
- 2. Fourteen bids were processed during the 1st six months of the financial year of which eight were adjudicated, four were withdrawn and two existing contracts were extended.
- 3. During the third quarter 29 bids were adjudicated at a value of R42 116 028 whilst 4 bids were adjudicated for the procurement of stock items as and when needed, so a total of 33 bids were adjudicated during the third quarter.
- 4. It is evident that the process of inviting tenders was seriously attended to during the last quarter of the financial year when 46 tenders were adjudicated.
- 5. The rand value of tenders adjudicated during the year was as follow:

1st Quarter
 2nd Quarter
 3rd Quarter
 4th Quarter
 R 239 873
 R 10 792 073
 R 42 116 027
 R 72 052 127
 R 125 200 100

KPI 46 "Percentage completion of the business plan for the development of the incentive package".

Target

Actual

100%

The KPI was not achieved and was carried over to 2007 / 8 financial year.

	Target	Actual
KPI 47 Number of business development workshops to capacitate Women & Youth	2	1

Women entrepreneur workshop conference was held on 25 November 2006.

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KPI 48 <u>Ratio's:</u> - 1. Solvency 2. Capital charges as % of Opex 3. Salaries as % Opex 4. Debtor turn over rate

Target

Comments given

Actual

- 1. The solvency ratio indicates the ability to meet current liabilities with current assets. There was a steep increase in this ratio from 3.17 at 30/6/2006 to 5.70 at 30/6/2007. Current Assets increased by R188,8 Million whilst Current Liabilities decrease by R41,4 Million over the 12 month period. Although a very positive indicator, the extent of the increase does not necessarily testify towards proper management in all aspects and the main reason for this increase can be attributed to the following:
- Increase in debtors to an amount of R60,1 Million (Increase in risk to recover)
- Increase in cash and investments of R100,6 Million. This emanates amongst other factors from low capital expenditure as well as Royalties of R31 Million received.
- On the liability side there was a decrease of R41,4 Million in creditors.
 Overall the Solvency ratio for the 2006/07 financial year is very positive and most probably the best in many years.
- 2. This figure (Capital Charges versus Operating expenditure) will have to be amended to include the new GAMAP/GRAP requirements with regard to the handling of redemption on loans as well as depreciation which was not previously applicable. The ratio after amendment is as follows for the 2006/7 financial year:

1st Quarter: 12,08%
 2nd Quarter: 16,87%
 3rd Quarter: 14,61%
 4th Quarter: 12,91%

Interest on the external loan of the RWST is not included yet and the ratio will increase drastically when the loan of ±R280 Million for the Trust is finalized.

- 3. Actual Salaries paid as % of the actual expenditure increase by 5% from 29.18% at 30/6/2006 to 34.17% at 30/6/2007. The year end closing is not yet finalized and although this figure is based on preliminary statements, no significant changes are expected. However this figure needs analysis of the calculations and reconciliations after implementation of depreciation and other changes in GAMAP/GRAP accounting. It gives a clear message that the Council's labour expenditure needs serious attention.
- 4. The figure that gives the most relevant indication on debtor turnover rate is the one excluding Xtrata and grants received. The figure indicates a sharp increase from 117 days at 30/6/2006 to 144 days at 30/6/2007. The increase in debtors with R68,1 Million for the financial year is the main reason for the deterioration of this indicator.

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	Target	Actual
KPI 49 Percentage Capital Budget actually spent on planned capital projects.	100%	54.96%

The expenditure for the year under review was 55.18% The following is an indication of the expenditure per Directorate as at the 30 June 2007.

		Actual 30 June	% Actual
Directorate	Budget	2007	
Council General	1,475,677	1,362,013	92.30
Office of the Municipal Manager	1,636,819	1,177,997	71.97
Directorate: Infrastructure	171,550,889	101,470,006	59.15
Directorate: LED	1,241,836	309,812	24.95
Directorate: Planning & Human Settlement	8,037,625	4,549,303	56.60
Directorate Community Development	24,863,119	7,003,919	28.17
Directorate: Finance	1,544,200	1,513,204	97.99
Directorate: Corporate Support	528,988	494,461	93.47
Directorate: Public Safety	13,296,087	5,809,293	43.69
Total for Council	224,175,240	123,690,007	55.18

	Target	Actual
KPI 50 Percentage expenditure on MIG projects.	100%	56.5%

As at the 30 June 2007, 56.5% of the MIG funds were spent on capital projects. A brief analysis is provided to illustrate the status.

Original Budget Reduction Revised Budget Expenditure R120 791 360 R 52528 558 R 68 262 808 R 38 621 532

The figures indicated above will differ from the figures in the financial statements because of number of journals that have been passed.

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	Target	Actual	
KPI 51 Percentage over expenditure on operating budget.	0%	0%	

On the overall operational budget the expenditure does not show signs of over expenditure. As at the end of the second quarter 52.39 % of the budget was spent and there were no red flags on the general Opex. A breakdowns per directorate is summarized as follows:

		Actual 30 June	
	Budget	2007	% Actual
Council General	104,337,555	101,534,503	97.31%
Office of the Municipal Manager	18,364,093	12,904,687	70.27%
Directorate: Infrastructure	704,106,546	643,220,596	91.35%
Directorate: LED	4,881,684	2,652,778	54.34%
Directorate: Planning & Human Settlement	15,026,037	10,284,885	68.45%
Directorate Community Development	61,549,216	54,732,187	88.92%
Directorate: Finance	34,879,507	30,252,176	86.73%
Directorate: Corporate Support	23,363,967	21,181,278	90.66%
Directorate: Public Safety	55,374,105	46,046,841	83.16%
Total for Council	1,021,882,710	922,809,931	90.30%

	Target	Actual
KPI 52 Percentage increase in revenue collection.	10%	12%

An amount of R30,8 Million was recovered during the first 6 months of the year.

During the third quarter an amount of R16 836 727 was collected.

The total amount collected since July 2006 up to the end of March 2007 was R38 892 240 NB. The contract with the appointed Debt Collection Agent expired at the end of March 2007 and no Agent was reappointed. Collection is currently handled by existing staff and there is not yet a system in place to record collection of arrear amounts separate from other payments.

The target was however reached without adding amounts recovered internally during April '07 – June '07 which can only be determined through the establishment of a separate programme by Fujitsu at an additional cost.

Total actual income (not amount levied) from consumer debtors actually show an increase of 12% compared with 30/6/2006.

KPI 53 Number of report submitted to Mayor in relation to	Target	Actual
Section 71 of MFMA	12%	12%

Section 71 reports up to May 2007 were submitted. The report for June 2007 will only be submitted after finalizing of the year end closure. Reports were also e-mailed to all Directors on completion for purposes of inputs on deviations.

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	Target	Actual
KPI 54 Timeous submission of budget plan to Council.	August 2006	July 2006

The Annual Budget Plan was compiled in accordance with legislative requirements with regard to due dates and deadlines. The plan was submitted to the Council per item 261 on 25 July 2006 one month earlier than the legislative requirement of August.

	Target	Actual
KPI 55 Timeous submission of budget to the Council.	May 2007	May 2007

The Draft budget for 2007/2010 was submitted to Council per items 93 and 94 on 27 March 2007. A Community consultative process was followed during April 2007 and the final budget was submitted to Council and approved per item 184 on 29 May 2007.

KPI 56 Timeous submission of the adjustment budget to	Target	Actual
Council.	Adjustment budget approved within MFMA requirements February 2007	February 2007

An item to affect adjustments on the 2006/2007 budgets was submitted and approved by Council per item 37 on 27 February 2007.

KPI 57 Timeous submission of annual financial statements	Target	Actual
to AG.	AFS submitted to AG by end August 2006	Submitted on 31/8/2006

In addition to the mentioned target, the Consolidated Financial Statements were due for submission on 30/9/2006 and were submitted on 29/9/2006. (RLM + Trust).

KPI 58 Proper handling of consumer queries.	Target	Actual
THE 1901 Topes manding of consumer quenes.	Implementation of a consumer query log and control system	A software system was developed to assist with control and recording of enquiries.

The project is basically completed and outstanding issues are the integration with PROMIS which needs assistance and inputs from Fujitsu, following which dedicated staff can be identified to be trained to implement the system.

The developers are busy with an interface with the Council's PROMIS financial system in cooperation with Fujitsu who is the supplier of the financial system. It should also be noted that there was a shortage of manpower to run the centre

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	Target	Actual
KPI 59 Number of billings on sundry debtors.	August 2006	July 2006

The Annual Budget Plan was compiled in accordance with legislative requirements with regard to due dates and deadlines. The plan was submitted to the Council per item 261 on 25 July 2006 one month earlier than the legislative requirement of August.

Financial Viability (total figures)

	R 000	R 000
Cash collected from customers (FY 2005/06 and 2006/07)	1,061,769,116	942,424,104
Billings to customers (FY 2005/06 and 2006/07)	690,921,819	771,167,921
Total operating transfers (Grant + Subsidy income) (FY 2005/06 and 2006/07)	86,394,689	290,965,088
Total operating expenditure (FY 2005/06 and 2006/07)	928,281,742	1,065,360,661
Capital budget spent in year (FY 2005/06 and 2006/07)	276,649,699	179,486,509
Council approved capital budget in year (FY 2005/06 and 2006/07)	168,763,000	214,000,000
Invoices Outstanding (FY 2005/06 and 2006/07)	49,519,728	715,990,125
Invoices Charged (FY2005/06 and 2006/07)		771,167,921
Total outstanding customer debt as at 30 June 2006 and 30 June 2007	578,608,795	715,990,125
Billed revenue for FY 2005/06 and 2006/07	690,921,819	771,167,921
Current assets as at 30 June 2006 and 30 June 2007	578,709,213	664,487,640
Current liabilities as at 30 June 2006 and 30 June 2007	193,334,849	227,089,133
Total revenue (FY 2005/06 and 2006/07)	1,020,210,303	1,190,625,802
Revenue from grants (FY 2005/06 and 2006/07)	96,161,414	290,965,088
Debt service payments (FY 2005/06 and 2006/07)	11,007,869	12,939,220
Salaries budget (including benefits) (FY 2005/06 and 2006/07)	180,000,000	205,000,000
Total operating budget (FY 2005/06 and 2006/07)	847,660,083	983,786,000

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Month	Assessm. Rates	Water Basic	Water Consumpt	Electr Basic	Electr Consumpt	Electri Consumpt Bulk	Refuse	Sewer	Total
90-Inf	R 6,901,329.29	R 1,283,291.30	R 8,904,852.55	R 3,882,026.56	R 12,322,640.42	R 12,322,640.42 R 11,691,915.59 R 2,398,905.80 R 2,232,268.30	R 2,398,905.80	R 2,232,268.30	R 49,617,229.81
Aug-06	R 6,908,834.47	R 1,287,258.49	R 9,131,483.87	R 4,813,032.06	R 12,230,735.43	R 12,230,735.43 R 11,976,577.50 R 2,403,593.00	R 2,403,593.00	R 2,253,314.54	R 51,004,829.36
Sep-06	R 7,025,239.99	R 1,289,503.03	R 8,745,020.09	R 4,136,040.20	R 13,733,513.06	R 4,136,040.20 R 13,733,513.06 R 13,369,895.39 R 2,410,131.07 R 2,245,186.79	R 2,410,131.07	R 2,245,186.79	R 52,954,529.62
Oct-06	R 7,031,210.81	R 1,501,748.35	R 9,616,832.66	R 4,962,150.56	R 16,347,926.12	R 4,962,150.56 R 16,347,926.12 R 13,355,409.65 R 2,796,984.60 R 2,608,955.18	R 2,796,984.60	R 2,608,955.18	R 58,221,217.93
Nov-06	R 7,041,669.34	R 1,503,387.25	R 10,220,224.01	R 5,058,302.01	R 13,970,250.44	R 13,970,250.44 R 14,359,115.27 R 2,801,056.70 R 2,612,284.87	R 2,801,056.70	R 2,612,284.87	R 57,566,289.89
Dec-06	R 7,077,291.54	R 1,507,363.10	R 14,220,465.72	R 1,936,307.91	R 15,989,806.99	R 15,989,806.99 R 14,134,813.78 R 2,810,474.40 R 2,626,715.13	R 2,810,474.40	R 2,626,715.13	R 60,303,238.57
Jan-07	R 7,070,824.90	R 1,510,124.95	R 11,665,630.36	R 8,116,161.75	R 15,862,973.14	R8,116,161.75 R15,862,973.14 R14,204,861.74 R2,817,509.25 R2,627,925.30	R 2,817,509.25	R 2,627,925.30	R 63,876,011.39
Feb-07	R 7,122,717.82	R 1,513,736.60	R 13,365,654.47	R 6,010,723.89	R 16,106,699.78	R 6,010,723.89 R 16,106,699.78 R 15,902,854.11 R 2,821,324.35 R 2,631,753.80	R 2,821,324.35	R 2,631,753.80	R 65,475,464.82
Mar-07	R 7,122,567.16	R 1,515,709.35	R 15,648,624.63	R 5,756,358.84	R 17,307,070.23	R 17,307,070.23 R 19,577,286.83	R 2,841,730.00 R 2,635,101.30	R 2,635,101.30	R 72,404,448.34
Apr-07	R 7,118,310.60	R 1,519,836.95	R 15,334,670.97	R 5,914,233.41	R 14,646,612.68	R 5,914,233.41 R 14,646,612.68 R 18,027,675.75 R 2,865,363.90 R 2,647,540.35	R 2,865,363.90	R 2,647,540.35	R 68,074,244.61
May-07	R 7,141,735.89	R 1,525,269.60	R 15,269,122.35	R 6,073,196.72	R 14,884,372.76	R 6,073,196.72 R 14,884,372.76 R 18,682,388.90 R 2,885,261.10 R 2,652,844.87	R 2,885,261.10	R 2,652,844.87	R 69,114,192.19
Jun-07	R 7,514,484.30	R 1,563,237.00	R 16,869,717.94	R 2,443,800.00	R 52,152,498.45	R 52,152,498.45 R 24,419,743.72 R 3,036,925.96	R 3,036,925.96	R 2,813,528.30	R 110,813,935.67
TOTAL	R 85,076,216.11	R 17,520,465.97	R 17,520,465.97 R 148,992,299.62 R 59,102,333.91 R 215,555,099.50 R 189,702,538.23 R 32,889,260.13 R 30,587,418.73	R 59,102,333.91	R 215,555,099.50	R 189,702,538.23	R 32,889,260.13	R 30,587,418.73	R 779,425,632.20

Revenue Collection

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Month	Assessm. Rates	Water Basic	Water Consumpt	Electr Basic	Electr Consumpt	Electri Consumpt Bulk	Refuse	Sewer	Total
Jul-06	R 5,414,444.39	R 700,726.45	R 4,580,540.83 R 3,262,424.15	R 3,262,424.15	R 14,149,635.86 R 11,690,588.36 R 1,355,918.24 R 1,356,130.83	R 11,690,588.36	R 1,355,918.24	R 1,356,130.83	R 42,510,409.11
Aug-06	R 4,889,006.85	R 597,840.71	R 4,283,621.21	R 4,283,621.21 R 3,220,354.41	R 8,478,620.65	R 11,510,942.75 R 1,221,810.21 R 1,207,745.80	R 1,221,810.21	R 1,207,745.80	R 35,409,942.59
Sep-06	R 5,774,144.59	R 741,477.98	R 5,298,720.30 R 3,717,064.59	R 3,717,064.59	R 7,080,076.84	R 19,628,774.32 R 1,484,402.74	R 1,484,402.74	R 1,451,910.06	R 45,176,571.42
Oct-06	R 5,925,106.98	R 750,121.53	R 5,271,276.18 R 4,416,802.72	R 4,416,802.72	R 6,970,804.75	R 13,183,338.44	R 1,522,669.74	R 1,487,426.07	R 39,527,546.41
Nov-06	R 4,919,642.62	R 740,710.46	R 6,505,951.17	R 6,505,951.17 R 4,388,430.03	R 21,243,012.36 R 13,416,029.02 R 1,485,103.00 R 1,470,239.57	R 13,416,029.02	R 1,485,103.00	R 1,470,239.57	R 54,169,118.23
Dec-06	R 5,125,521.62	R 775,121.57	R 6,393,628.79	R 8,133,767.71	R 6,393,628.79 R 8,133,767.71 R 8,426,045.12 R 14,704,981.16 R 1,549,486.66	R 14,704,981.16	R 1,549,486.66	R 1,477,221.34	R 46,585,773.97
Jan-07	R 5,983,668.18	R 862,762.23	R 6,392,389.80 R 4,455,459.58	R 4,455,459.58	R 21,924,694.75	R 13,746,198.44	R 1,750,299.09	R 1,734,736.75	R 56,850,208.82
Feb-07	R 6,452,449.25	R 968,457.98	R 7,234,209.35	R 7,234,209.35 R 7,293,210.82	R 11,693,657.85 R 14,018,499.78 R 2,009,668.45	R 14,018,499.78	R 2,009,668.45	R 1,967,230.07	R 51,637,383.55
Mar-07	Mar-07 R 5,259,888.37	R 770,390.55	R 6,450,918.51	R 4,743,345.23	R 6,450,918.51 R 4,743,345.23 R 9,064,277.37 R 15,716,492.16 R 1,531,257.20 R 1,511,059.92	R 15,716,492.16	R 1,531,257.20	R 1,511,059.92	R 45,047,629.31
Apr-07	R 6,633,790.38	R 965,521.53	R 8,144,253.95	R 8,144,253.95 R 5,837,558.43	R 11,433,020.02 R 19,390,924.89 R 1,950,731.99 R 1,940,997.83	R 19,390,924.89	R 1,950,731.99	R 1,940,997.83	R 56,296,799.02
May-07	R 5,334,497.14	R 715,020.40	R 6,452,329.87 R 5,271,094.75	R 5,271,094.75	R 9,607,577.11	R 18,199,646.85	R 1,572,831.30	R 1,477,686.98	R 48,630,684.40
Jun-07	R9,321,267.10	R 825,234.47	R 7,285,669.86	R 5,503,354.61	R 7,285,669.86 R 5,503,354.61 R 29,520,499.28 R 18,923,141.43 R 1,761,040.54 R 1,683,502.08	R 18,923,141.43	R 1,761,040.54	R 1,683,502.08	R 74,823,709.37
TOTAL	R 71,033,427.47	R 71,033,427.47 R 9,413,385.86	R 74,293,509.82	R 60,242,867.03	R 74,293,509.82 R 60,242,867.03 R 159,591,921.96 R 184,129,557.60 R 19,195,219.16 R 18,765,887.30 R 596,665,776.20	R 184,129,557.60	R 19,195,219.16	R 18,765,887.30	R 596,665,776.20

Age Analysis of Outstanding Debtors



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Debt Written Off

Council's policy for writing off outstanding debtors was revised to build on the provision for state pensioners to be registered as indigent. The policy now also provides for the write off of old debt in cases where the Debt collecting Agent has applied all possible collection measures which proved to be unsuccessful and it would not be cost effective to pursue further collection of the debt.

Type of Write-off	Number of Accounts	Amount	
Amounts above R1000.00.	146	968 141.97	
Amounts above R1000.00.	209	2 991 247.56	
Amounts R1000.00 & below.	154	54 851.63	
Amounts R1000.00 & below.	207	89 452.75	
Insolvent Estate	1	498 152.52	
Indigent Write-offs	37	580 622.03	
Indigent Write-offs	173	2 016 055.55	
Total	927	7 198 524.01	

ASSESSMENT OF OUTSTANDING DEBT.

The outstanding debt increased by R138 134 803.94 in twelve months, an increase of 23.87%. The situation could improve in the next financial year but it depends on the successful appointment of a Debt collecting firm of which the bid has been advertised.

Of the total outstanding debt as at 30 June 2007, 20% can be considered as bad which amounts to R143 367 694.50.

External Loans

Loan no	Interest Rate	Start Balance	Repaid	Maturity Date
1.	16,5%	R50 000 000	-	23/04/2009
2.	11,9%	R20 000 000	-	30/06/2020
3.	12,02%	R20 000 000		30/06/2021

2.5 Good Governance and Public Participation

KPI 60 Submitted draft budget and financial statements to	Target	Actual
the community.	Community workshop during April 2007	Workshops done on 20/04/2007 and 04/05/2007

The budgets were submitted to the Community at a Representative Forum workshop on 20 April 2007 and to the Business Sector on 4 May 2007.





KPI 61 Number of review & feedback sessions held with	Target	Actual
each direct reportee (section 57 Appointees)	4	4

4 quarterly performance review sessions were conducted will all managers directly accountable to the Accounting officer. Attendance registers of the sessions were co-signed by the PMS specialist and the Chief Audit Executive.

KPI 62 Number of performance reports timeously submitted	Target	Actual	
to the Audit Committee and Council	4	4	

The annual report for the financial year 2005/2006 served before the special Performance Audit Committee on the 16 November 2006 A midterm report covering the first and second quarter of the financial year under review served before the committee as one item on 07 March 2007. The third quarter report served before the Performance Audit Committee held 13 June 2007 The annual report (fourth quarter) for 2006/2007 will serve in the new financial year.

KPI 63 Percentage Execution of Council resolution within	Target	Actual
the timeframes of the Resolution Implementation Schedule	100%	100%

The Directorates were provided with a document of each meeting of Council directly after the meetings of Council. All resolutions of Council for the period July 2006 to June 2007 served before MANCO on 14 May 2007. Directorates' feedback on implementation of resolutions served before various portfolio committees of Council.

KPI 64 Timeous tabling of the MFMA Compliant SDBIP	Target	Actual
14 101 Imiocae tabing of the William Compilant Obbin	July 2007	June 2007

Working sessions have been conducted with various directorates and political offices during the year under review. The Service delivery and Budget Implementation plan was approved by the Executive Mayor. After approval by the Executive Mayor (outside the review period) the SDBIP and performance agreements served before Council for noting

KPI 65 Timeous tabling of the MFMA Compliant Annual	Target	Actual
D .	November 2006	November 2006

The annual report was tabled on the 21 November 2006 per item 487 and was publicized as per notice 193 /2006, An Oversight Committee was appointed by the Speaker Clr SS Mabale-Huma to analyse the report in detail and an oversight report on the annual report was adopted by Council and submitted to the provincial legislature in terms of Section 132 of the MFMA.





KPI 66 Functional Council Committee	Target	Actual	
Ta 1 00 1 directorial Godinal Gorial Miceo	100%	100%	

The requirement of the KPI is not clear. The accounting officer has no oversight responsibility over the Committees established by Council. The accounting officer made sure that the Committees are provided with secretariat service and that agendas are issued on time, and to that effect administrative support has been rendered to Committees of Council and extended to MANCO.

KPI 67 Attendance to community complaints and petitions.	Target	Actual
	Quarterly reports	2

The number of reports that are supposed to reach the Department of Developmental Local Government is two which have been submitted.

Community complaints were registered in document management system and handled. Every six months RLM submits a report to the Provincial Department responsible for Local Government which provides detailed statistical information on complaints received and those that were handled.

Rustenburg was applauded by the department for taking community complaints seriously and for its endeavour to promote sound municipal – resident relations

KPI 68 Number of by-laws promulgated	Target	Actual
Ta 1 95 Nambor of by laws promalgated	10 By-laws	20 By-laws

20 by laws submissions were handled of which 5 have been promulgated:

Water and Sanitation By-laws
Street Trading By-laws
Public Participation By-laws
Management and Control of Informal Settlement By-laws
Rustenburg Development Agency By-laws

KPI 69 Percentage Completion of the Five year IDP	Target	Actual
14 100 1 crochlage completion of the 1100 year 121	Approved IDP may 2007	May 2007

The first draft of the IDP 2007/2012 was tabled before Council per 35 on the 27 February 2007, the second draft was noted by Council on the 27 March 2007 as per item 88 .2007, After public consultation was conducted the IDP was adopted by Council on 29 May 2007 as per item 157

KPI 70 Numbers of reports on Project consolidates and five	Target	Actual
year local Government implementation plan.	Quarterly	1

Although it took longer than initially anticipated, a closeout report was tabled before Council on the 29 May 2007





(PI 71 Established Development Agency	Target	Actual
TATTT Locabiloned Bevelopment Agency	Operational RDA	Council resolution secured

The feasibility study on the RDA was completed. The RDA as contemplated in the project plan has been completed on paper and implementation is now dependant on the decisions by Council.

KPI 72 Percentage of Internal & external Audit queries	Target	Actual	
addressed with in one and two months respectively.	100%	100%	

The report on the Tlhabane West matter was the only query that spanned longer than the financial year.

However, the matter was addressed by an item that served before the Council on 27 February 2007 where it was resolved that the Directorate Planning and Human Settlement submit a comprehensive report on the Tlhabane West Development.

KPI 72 Percentage of Internal & external Audit queries	Target	Actual	
addressed with in one and two months respectively.	100%	100%	

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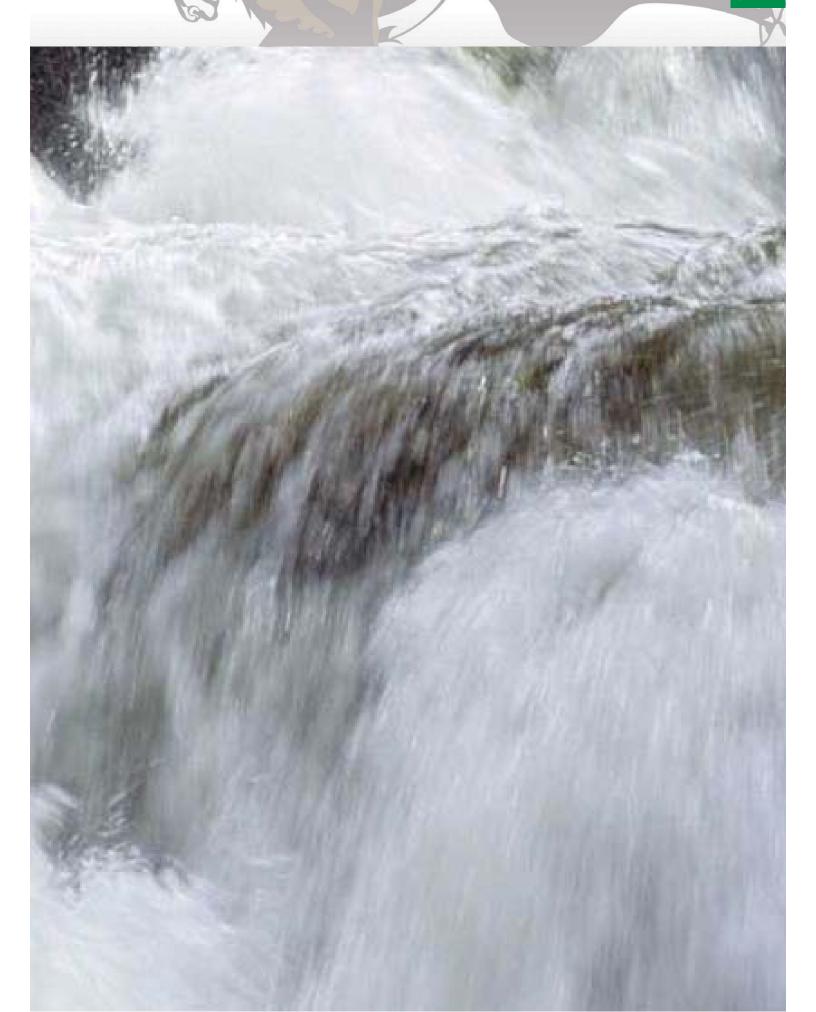


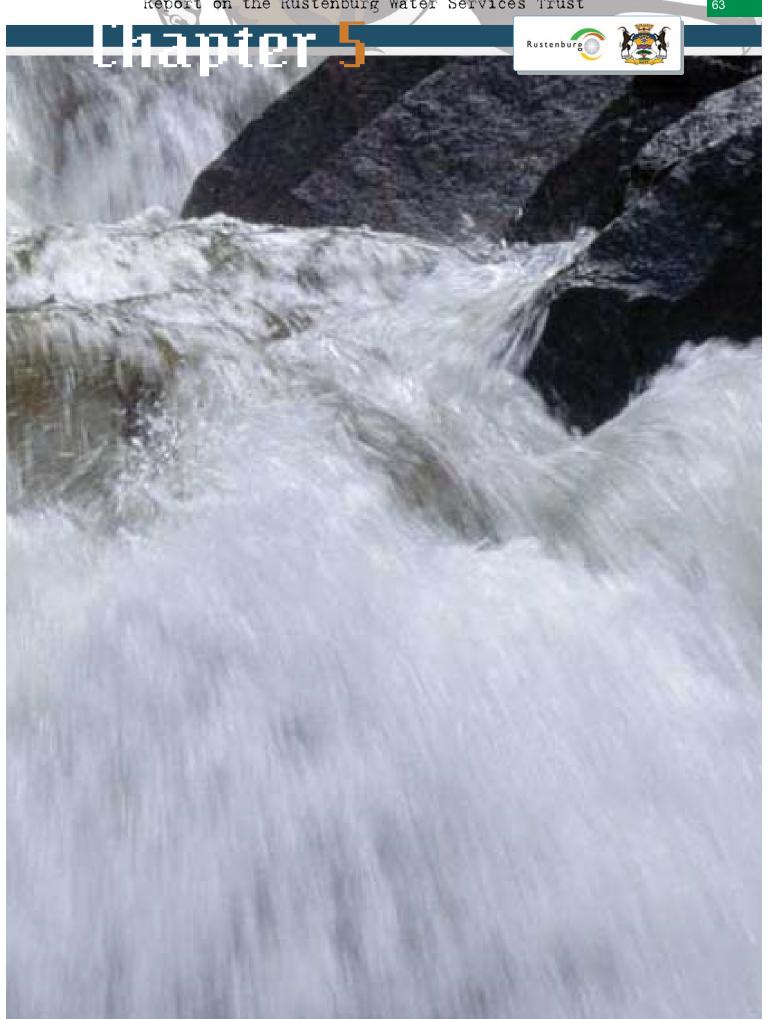




Chapter 5

Report of the Rustenburg Water Service Trust





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REPORT OF THE RUSTENBURG WATER SERVICES TRUST

TRUST ADMINISRATOR'S COMMENT

30 June 2007 marked the end of the second financial year of the Trust. Construction at the Bospoort Purification plant and Rustenburg Sewage Treatment has been completed on time and within allowed budget. On the operational side, both Boitekong- and Rustenburg Sewage Treatment works are operated and are under control of the Trust. Treated Sewage water at the Rustenburg Sewage Treatment plant is now of such standard that it is used by the mines in line with the Off Take Agreements. The Bospoort plant produced potable water in line with SANS standards. The predicted volumes of water treated by the Trust were lower than actual. The reason is within the period 1 July 2006 to 30 June 2007, the rainfall was less than expected.

PERFORMANCE HIGHLIGHTS

The objectives of the Trust can be summarized as follows:

- 1. Operating and maintaining of the Boitekong and Rustenburg Waste Water Treatment Plants as well as the Bospoort Purification Plant.
- 2. Extending and upgrading of the Boitekong and Rustenburg Waste Water Treatment Plants as well as the Bospoort Purification Plant.
- 3. Operating and maintaining of the Monakato and Lethabong Waste Water Treatment works as well as the Kloof Purification Plant

Operation of the Boitekong Waste Water Treatment Plant is under control, although the plant is under pressure. The plant capacity is 8 Mega Liters per day and we have seen a constant overloading of this plant. Plant efficiency was for the lager part of the year below expectation as a result of overloading.

The extension of the Rustenburg purification plant has since been completed and now has a capacity of treating 42 Mega Litres of sewage effluent per day. During dry season we see round about 26 Mega Liters of water through the plant. In rainy season though, we recorded up to 36 Mega Liters going through the plant.

Bospoort Purification Plant has also been completed and has a capacity 12 Mega Liters of potable water per day. The quality of water meets SABS class 1 standard.

Quality of raw water received from the residents of Rustenburg is however a concern. The fat content of raw sewage is higher than anticipated and may effect the off take to the mines. The Trust has however indicated to the municipality that the inherent risk associated with the higher fat content can not be carried by the Trust and will be carried by the Municipality. The matter has been taken up by RLM and the transgressors.

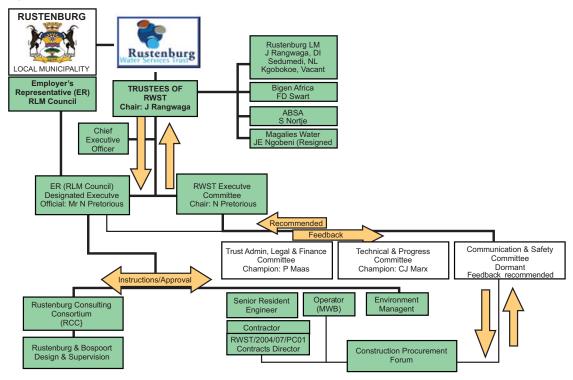






Human Resources and Other Organisational Management

The following is the organizational structure of the Rustenburg Water Service Trust. It is important to note that the Trust does not employ any personnel. The structure is implemented in order for construction and production to operate and function efficiently. All individuals concerned are paid through their individual service providers



Financial Information

The financial statements of the Trust for the period ended 30 June 2007 are contained in the consolidated statement of the parent municipality.

Construction on the Bospoort Purification Plant as well as the Rustenburg Water Treatment Works started during January 2005 and has since been completed. The amount spend on construction to date is R 267,707,136 (2006 - R 222,514,815.00). (2005 – R 98,664,669.00). The total outstanding Long term Liability amounts to R 263,046,264 and includes capitalized interest of R 45,736,081

Water treatment at Boitekong and Rustenburg Water Treatment Works, as well as Bospoort Purification plant continued for the 12 months under review. Off take sales to the Mines commenced in May 2006. The current year saw off take sales collected for the full 12 months. During the year under review a gross margin of R 42,7 mil against R 13,5 mil the previous year, was achieved. The reason was that the off take agreements with the mines kicked in and was levied for 12 months, opposed to 1 month of last year. The accumulated surplus of the Trust grew from R 10,9 mil to R 15,5 mil. This was due to a full year of water treatment as well as full year of off take sales to the mines.

RLM submitted a MIG application to be applied at the Boitekong / RLM pipeline. This pipeline will assist with the excess volume Boitekong. A request was received from the mines for increased volume of treated sewage water. This will assist in financing the planned extension at Boitekong.

No grant funding was received during the year.







Reports of the Performance Audit Committee

1. BACKGROUND

In terms of Local Government: Municipal Planning and Performance Regulations, 2001 paragraph 14(4) (a) (iii), A Performance Audit Committee, "the Committee" must at least twice during a financial year and submit a report to the Municipal Council, "the Council" concerned.

Before dealing with the activities of the Committee for the period under review, it is the Committee's view that issues raised in the previous report be re-stated in this report on the basis that that report was merely noted by the Council and the Committee's recommendations were not dealt with satisfactorily. The Committee's recommendations were as follows:

RE: INSTITUTE OF INTERNAL AUDITORS

It is our recommendation that the Municipality reconsiders its policy on paying for membership fees of bodies or institutes who set the standards whereby specialized positions must provide their services.

RE: TRAINING OF MEMBERS OF THE PAC

It is our recommendation that the Municipality should consider to budget for training of the PAC members, and for the CAE to identify suitable trainers or seminars to provide such a service.

RE: JOB DESCRIPTIONS

It is our recommendation that the Municipality, in the drafting of its job descriptions, adopt a more outcome based approach to encourage its employees to become more performance and outcome oriented.

RE: ACTIVITIES OF THE COMMITTEE FOR THE YEAR

The Committee recommends that the Executive Mayor should receive copies of the minutes and that the Chairperson of the Oversight Committee has a standing invitation to attend all the meetings of the Performance Audit Committee.

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2. ACTIVITIES OF THE COMMITTEE FOR THE YEAR 2006/2007

2.1 MEETINGS

The legislation requires that the Committee meets as often as is required to perform its functions, but at least four times a year. The Committee confirmed and accepted a 12 (twelve) month schedule whereby certain activities must be carried out every month in order to comply with legislation. Senior staff from the Office of the Auditor General have continued to attend all meetings and to support the Committee tremendously.

The Committee's meetings for the period under review were held on the following dates:

- 16 August 2006
- 13 September 2006
- 10 October 2006
- 08 November 2006
- 16 November 2006 (Special Meeting)
- 10 January 2007
- 07 February 2007
- 07 March 2007
- 11 April 2007
- 9 May 2007
- 13 June 2007

2.2 SUMMARY OF MAIN ACTIVITIES

2.2.1 For the first half of the period under review, the Committee considered the following audit reports and experienced a lack of co-operation from management to satisfactorily respond on the risks and issues raised.

1. Tlhabane West - Sale of stands	Report 81	CFO & DPD, July 2006
2. Royalties from the mines	Report 84	DPD, Oct 2006
Developer contributions	Report 83	DI, Oct 2006
4. 20 Megaliter Reservoir	Report 82	DI, Oct 2006
5. Control over cash and keys - Satellite Offices	Report 89	CFO, Jan 2007
6. MIG operational expenses	Report 85	DI, Nov 2006
7. JM Consultants	Report 86	DI, Dec 2006
8. Housing Fund Interest	Report 87	DPD, Nov 2006
9. Insurance audit	Report 90	CFO, Jan 2007
10. Creditor Payments, Income/revenue audits,	Report 91	CFO, Apr 2007
Sundry Debtors, Cashbook and petty cash		
11. Control over cash and keys – Marikana	Report 88	CFO, Jan 2007
12. Water Services Trust	Report 92	ADI, May 2007
13. Vehicle Workshop	Report 93	ADI, June 2007
14. Overtime Electrical Services	Report 94	ADI, June 2007
15. Overtime Water and Sewerage	Report 95	ADI, June 2007
16. Water Distribution Losses	Report 96	ADI, Jul 2007
17. Water Distribution Losses	Report 97	CFO, Jul 2007
18. Fixed Asset Management and Loss Control	Report 98	CFO, Jul 2007
19. Overtime Municipal Police	Report 99	PS, Jul 2007
20. Overtime Municipal Traffic	Report 100	PS, Jul 2007

chapter 3



- 2.2.2 The Committee also assessed the royalties received by the Council as the Money Bill. "The Bill" is soon to be passed and the Council might forfeit an opportunity to ensure such income for the window provided by the Bill. It is also alarming that royalties due are long outstanding and appears nobody is taking responsibility for recovery.
- 2.2.3 The Committee has during the first 6 (six) months of the period under review, sent a memo to the Acting Municipal Manager at the time on the recurring patterns of risk being reported by the CAE and the Committee. It is the view of the Committee that these recurring patterns need to be constantly monitored and be permanently escalated to the Office of the Municipal Manager for Management to take them seriously.

2.3 VACANCIES AT THE PAC

2.3.1 The Committee stated its indebtedness in its Mid-Term to the Council and the Executive Mayor for the appointment of Mr. George Breedt as a member of the Committee. At the time of reporting, the Council had complied with Section 166(4) (a) of the MFMA with regards to appointing at least 3 (three) independent members of the Committee, however, it was a decision of Council to have 4 (four) independent members and in that regard, the Committee still requires one extra member to comply assist in beefing up the Committee for purposes of effectiveness and qualitative Internal Audit processes for the benefit of the Council.

2.4 DPLG DIRECTIVES ALTERING THE SCOPE OF THE PERFOMANCE AUDIT COMMITTEE INVOLVEMENT

Clause 27(4) (d) and (e) of the Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager, Regulation No. 805 issued by the Minister of Developmental Local Government on the 1st August 2006; requires that Chairperson of the Committee needs to form part of the evaluation panel during the performance review meeting with the Municipal Manager and Managers directly accountable to the Municipal Manager.

The intention of the Regulations is seen by the Committee as noble since processes of performance assessment will provide more transparency into macro and micro issues within the Municipality. Members will be in a position to monitor uniform and fair application of the performance evaluation procedures.

Regulations provides for the evaluation panel to be involved during the final assessment. In the interest of time, particularly with focus on the availability of the Chairperson or any member that may be delegated by the Chairperson at least one sitting during the final assessment is justifiable, considering the number of Managers directly accountable to the Municipal Manager it is indicative that the Committee member may need to set aside few full days to ensure they meet this requirement.

There will be an obvious challenge relating to scheduled dates, it is the Committee's view that this process needs to be managed earnestly to avoid undue delays to the review meeting due to absence of the panelists.







2.4 INTERACTION WITH MANAGEMENT

- 2.5.1 In an attempt to foster good governance and maximizing on operational efficiencies of the Council, the Committee reached an arrangement with the Municipal Manager to operate continuously on the following basis:
- 2.4.1.1 to make all Committee Reports a standing item on monthly management meetings' agenda;
- 2.4.1.2 to meet regularly with the Committee in order to assess whether there is co-operation between all the Directorates and their Management with the Committee, and; to avail members of the Committee to Directors meetings and Management meetings so as to continuously enable the Committee to advise Management in pursuance of Section 166(2) of the MFMA.

CONCLUSION

It is important for Council to take in to account the role of the Committee. For the past twenty four months or so, there is a lot of work that the Committee has performed, yet Council goes only as far as to note the Committee's reports. To date, much progress has been done with regards to forging a closer working relationship with the Municipal Manager and it is the Committee's vision to escalate further to the Executive Mayor and the Council. The Committee is indebted to the Office of the Auditor General for their continued support and engagement; as well as to the commitment of the CAE and the Performance Management Specialist.

CHAIRPERSON: PERFORMANCE AUDIT COMMITTEE

Bruno Seabela

OTHER MEMBERS: Mr H van Veen

Mr G Breedt

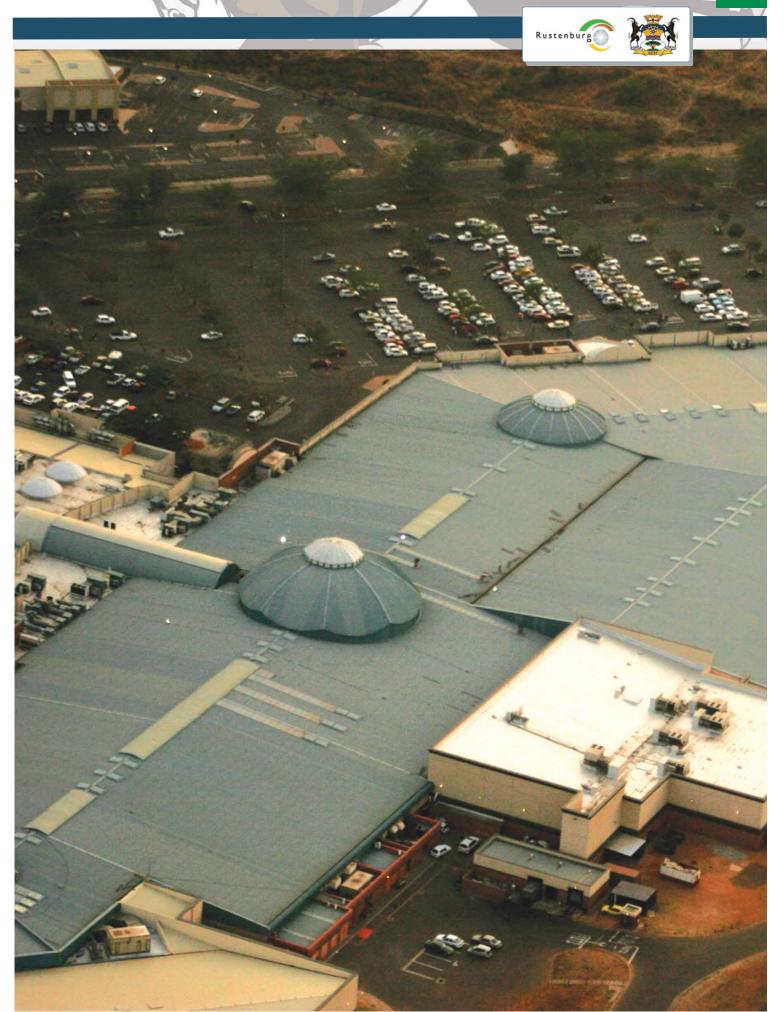






Appendix A

Reports of the Auditor General





Reports of the Auditor General

On the financial statement and performance information

Rustenburg Local Municipality for the financial year ended 30 June 2007

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REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Rustenburg Local Municipality which comprise statement of financial position as at 30 June 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the accounting officer's report, as set out on pages 91 to 128.

Responsibility of the accounting officer for the financial statements

- 2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). This responsibility includes:
- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit in accordance with the International Standards on Auditing. Because of the matter(s) discussed in the Basis for disclaimer of opinion paragraph(s), however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis of accounting

4. The Municipality's policy is to prepare financial statements on the basis of accounting determined by the National Treasury as set out in accounting policy note 1.

Basis for disclaimer opinion

- 5. Opening balances
- a) No reliance could be placed on the under-mentioned disclosed opening balances. These balances represent account balances that received a disclaimer of audit opinion in the previous financial year. No corrective actions were implemented by management during the year under review. These balances are reflected as opening balances. No inference should be drawn from the related opening and closing balances due to the above:
- Debtors
- · Income and grants received
- Value-added tax provision
- Fixed assets
- Inventory
- Accumulated deficit
- Capitalisation reserves
- Contingent liability
- b) Comparative financial information for the following balances did not agree with the final approved and audited annual financial statements of 2005/2006. This is non-compliance with GRAP 3. The following table compares the balances that have been changed:

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Note Nr.	Comparative item	Audited R'million	Adjusted R'million	
	Cash paid to suppliers and employees	983.7	1,005.3	
	Cash generated from operations	77.9	56.4	
	Interest received	27.0	48.5	
1.	Housing development fund			
	- Outstanding deposit	0.0	4.0	
7.	Unspent conditional grants			
	- Public contributions	4.0	0.0	
	- Air monitoring system	0.0	3.1	
10.	Investments			
	- Purification charges to Rustenburg			
	Water Services Trust	0.0	22.4	
27.	Changes in accounting policy			
	- Development of parking	12.0	6.0	
	- Endowment fund	45.6	12.0	
	- Transferred to Capital Replacement Reserve	243.8	0.0	
	- Profit on projects	0.0	24.5	
	- Transferred to accumulated surplus	14.4	1.2	
27.4	Inventory			
	- Balance previously reported	7.0	0	
	- Town development suspense transferred	41.9	0.0	
	to stock			
	- Write down of unsold properties to realisable value	(34.4)	28.9	

6. Debtors and receivables

a) The following debtors' accounts could not be verified due to insufficient supporting documentation:

Consumer debtors R 158 million
Grant debtors R 7 million
Debtors with credit balances R 9 million

- b) The debtors listing differed from the financial statements by R15.9 million. No debtors' reconciliations were performed on debtors' accounts.
- c) An outstanding debtor balance of R20.8 million showed no subsequent payments after year-end and it is therefore doubtful if this debt is recoverable.
- d) A difference of R2 million was identified between the approved list of bad debts and other audit evidence provided.
- e) Control procedures over journal entries were not effective in ensuring sufficient supporting documentation for journals and to enable assessment of the reasonableness of journal entries. I therefore did not obtain all the documentation and explanations necessary to verify the accuracy, rights and existence, completeness and valuation of Debtors amounting to R158 million as disclosed.

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7. Revenue

a) The following revenue accounts could not be verified due to insufficient supporting documentation submitted to verify completeness, occurrence, classification, cut-off and accuracy of income:

Fines R 4.3 million
Licenses and permits R 4.3 million
Income from agencies R 7.0 million
Prepaid electricity R 34.9 million
Rental of facilities and equipment R 39.4 million

- b) Completeness and classification of revenue received from property rates and taxes and other income could not be verified due to insufficient system documentation.
- c) No supporting source documentation was available for the monthly revenue journals for income from fines, licenses and permits and income from agencies.
- d) Prepaid electricity vending machine reports were not used as the basis to record the income from prepaid electricity sales. Information provided by the vendor collecting the cash from the vending machines was used to record income. Insufficient reconciliations were done by the municipality to ensure the completeness and accuracy of sales income. The service level agreement and contract with the vendor could not be provided.
- e) Royalty income of R31.2 million was incorrectly classified as rental income. The amount could not be verified for accuracy and completeness. The supporting documentation could not be obtained to recalculate the amount. The municipality did not have monitoring controls to determine the accuracy and completeness of royalty payments.
- f) Rental income of R1.4 million from the Kloof Holiday Resort was incorrectly classified as other income. Accuracy of the amount could not be confirmed as the variable portion of the rental was calculated based on income figures that could not be verified to be complete and accurate.
- g) Dividends received during the financial period were not separately disclosed as required by GAMAP 9, Revenue, and was included under interest received.
- h) Control procedures over journal entries were not effective in ensuring sufficient supporting documentation for journals and to enable assessment of the reasonableness of journal entries. I therefore did not obtain all the documentation and explanations necessary to verify the accuracy, completeness, classification, occurrence and revenue amounting to R200.6 million as disclosed.
- 8. Grants
- a) The completeness, occurrence and accuracy of government grants and subsidies received to the value of R290.9 million could not be verified due to the lack of supporting documentation.
- b) Furthermore, due to the lack of documentation, no conclusion could be reached on whether the conditions for the conditional grants were adhered to.
- c) The balance of unspent conditional grants could not be reconciled between the general ledger and the financial statements, which differed by R5.1 million and this could not be clarified upon further investigation.
- d) Control procedures over journal entries were not effective in ensuring sufficient supporting documentation for journals and to enable assessment of the reasonableness of journal entries.
- 9. Property, plant and equipment
- a) A significant number of assets selected from the asset register could not be physically verified due to identification codes missing from the physical assets or asset movements not recorded.
- b) Finance lease payments of R0.5 million on 13 vehicle lease agreements were incorrectly accounted for

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as operating lease payments.

- c) Control procedures over journal entries were not effective in ensuring sufficient supporting documentation for journals and to enable assessment of the reasonableness of journal entries.
- d) Supporting documents provided for capitalised employee cost of R2.7 million were not sufficient to verify the completeness, validity and accuracy of the transactions.
- e) The accounting policy states that where property, plant and equipment items have been impaired the carrying value is adjusted by the impairment loss. However no impairment testing or adjustments were made.

I therefore did not obtain all the documentation and explanations necessary to verify the accuracy, rights and existence, completeness and valuation of Community assets of R53.6 million and Other assets of R80.1 million as disclosed.

10. Value-added tax

- a) There was an un-reconciled difference of R2.4 million between the VAT payable account and the accounting records.
- b) R1.8 million expenditure was identified where input VAT was not claimed due to the incorrect allocation to expense accounts.
- c) The VAT implications on government grants and subsidies could not be verified due to a lack of supporting documentation.
- d) Control procedures over journal entries were not effective in ensuring sufficient supporting documentation for journals and to enable assessment of the reasonableness of journals entries. I therefore did not obtain all the documentation and explanations necessary to verify the accuracy and valuation of the VAT liability of R36.3 million as disclosed.
- 11. Contingent Liability
- a) No provision was raised for the rehabilitation of landfill sites. The municipality's liabilities and provisions were therefore understated.
- b) I was unable to obtain the representations considered necessary with respect to the identification of balances and transactions with related parties. Furthermore, no internal controls had been implemented to identify and account for related parties as required by International Accounting Standards 24, Related Party Transactions and the MFMA.
- c) I was unable to obtain sufficient documentation and legal council confirmations to assess the accuracy, existence, completeness and valuation of contingent liabilities of R8.9 million as disclosed in note 35.
- 12. Creditors
- a) Unspecified income disclosed in the financial statements differed from the balance reflected in the general ledger by R3.4 million.
- b) Due to insufficient supporting documentation provided reasonable assurance could not be obtained to verify the completeness, rights, existence and valuation of trade creditors of R7.2 million and sundry creditors of R 68.9 million.
- c) The short-term portion of long-term lease liability was not disclosed separately from the long-term portion.
- d) Control procedures over journal entries were not effective in ensuring sufficient supporting documentation for journals and to enable assessment of the reasonableness of journals entries.
- e) Insufficient supporting documentation was provided to verify debtors with credit balances of R8.9 million as disclosed.
- 13. Funds and reserves
- a) The accounting policies state that the Capitalisation Reserve should be equal to the carrying value of

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the items of property, plant and equipment financed from the former legislated fund. However, no such reconciliation was included in the financial statements.

- 14. Commitments
- a) No conclusion could be reached on the completeness, existence, valuation and accuracy of the capital commitments information disclosed in Note 33 to the financial statements, due to the unavailability of supporting documentation.

Disclaimer of opinion

15. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have been unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of Rustenburg Local Municipality. Accordingly, I do not express an opinion on the financial statements.

Other matters

- 16. I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:
- 17. Non-compliance with applicable legislation
- a) Non-compliance with the MFMA
- Contrary to sections 64(1) and (2) the municipality had not implemented proper revenue management systems.
- Contrary to section 9 the accounting officer failed to inform the relevant treasury and the Auditor-General in writing of the required bank account information.
- Contrary to section 65(2)(e) not all creditors were paid within 30 days.
- b) Non-compliance with other acts
- Insufficient documentation was provided to assess compliance with the Supply Chain Management Regulations.
- Non-compliance with sections 21 and 27 of the Division of Revenue Act, 2006 (Act 2 of 2006) (DORA).
- The disclosure requirements of sections 8 and 75 to 81 of GAMAP 17 were not complied with.
- No disclosure of exemptions allowed as per Government Gazette 30013 paragraph 2(3)e.
- 18. Value-for-money matters
- a) The documented human resource action plan in place during the year under review was not sufficient to address the high vacancy rate that existed within the finance section.
- b) Instances were noted where members of the Municipal Council interfered with the appointment of prospective staff.
- 19. Internal control processes

Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The municipality has inadequate levels of skills and knowledge to enable the financial statements to be accurately prepared in accordance with the applicable basis of accounting.

The table below depicts the root causes of the matters indicated, as they relate to the five components of internal control. In some instances deficiencies existed in more than one internal control component.

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Reporting item	Control environment	Assesment of risks	Control activities	Information & communication	Monitoring
Basis for disclaimer opinion / Other matters					
Opening Balances	~		~		~
Comparative financial information	•		•		~
Debtors and Receivables	~		~		~
Revenue	~		~		✓
Grants	~		~		~
Property Plant and Equipment	~		~		~
Value Added Tax	~		~		~
Contingent Liability	~		~		~
Related party transaction	~		~		~
Creditors	~		~		✓
/ Other matters Non-compliance with applicable laws and regulations	•		•		•

20. Unaudited supplementary schedules

The municipality provided supplementary information in the financial statements, including Appendix A to F, on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 Presentation of Financial Statements. An accounting standard on the presentation of budget information in the financial statements has not been developed by the local standard setter. In the absence of such a standard, I do not express an opinion on the budget information presented in the financial statements.

21. Control activities

In terms of the MFMA, the accounting authority is required to ensure that an effective and efficient system of internal control is in place. This would require that policies and procedures are put in place to achieve this. Several policies and procedures were not documented or not approved.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

22. I was engaged to audit the performance information.

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Responsibility of the accounting officer for the performance information

23. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

- 24. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice* 646 of 2007, issued in *Government Gazette No.* 29919 of 25 May 2007.
- 25. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
- 26. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

27. Performance information not received in time
I was not able to complete an evaluation of the quality of the reported performance information
as set out on pages 8 to 18 of the annual report, since the information was not received in time,
even though extension was given to the municipality to submit performance information by 14
September 2007.

APPRECIATION

28. The assistance rendered by the staff of the Rustenburg Local Municipality during the audit is sincerely appreciated

Rustenburg

17 January 2007



Auditot-General

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Responses to the Audit Report 2006/2007 Financial Year

1. BACKGROUND

- 1.1. In terms of section 126(1)(a) and section 126(3) of the Municipal Finance Management Act, 2003, (Act 56 of 2003), a Municipality shall compile financial statements within two months after the financial year-end and submit it to the Auditor General for auditing. The Auditor General must audit and issue an audit report within three months from the date the statements were received.
- 1.2. A Municipality's annual report must include the Auditor's report in terms of section 121(3)(b) of the Municipal Finance Management Act, 2003 and must be submitted to Council within seven months from the date of the year-end in terms of section 127(2) of the MFMA.
- 1.3. In terms of section 129(1) of the MFMA the Council of a Municipality must consider an oversight report on the annual report and by not later than two months from the date on which the annual report was tabled in the Council.
- 1.4. In terms of section 131(2) of the MFMA the MEC for Local Government in the province must assess all annual financial statements of Municipalities in the province, the audit reports on such statements and any responses of Municipalities to such audit reports and determine whether Municipalities have adequately addressed any issues raised by the Auditor General in audit reports.
- 1.5. The format for the compilation of financial statements as prescribed by the Accountant General is reviewed and supplemented by the GAMAP (Generally Accepted Municipal Accounting Practice) and GRAP (Generally Recognized Accounting Practice) formats.
- 1.6. The final audit report was received on 22 January 2008 and is attached as Annexure "A".

2. ACCOUNTING BASIS OF PREPARATION

- 2.1. The Municipality's policy is to prepare annual financial statements on the basis of accounting determined by National Treasury as set out in the accounting policy. The annual financial statements were compiled for the 2006/2007 financial year on the GAMAP/GRAP accounting principles being a high capacity Municipality.
- 2.2. The Municipality submitted the annual financial statements on time on 31 August 2007 to the Auditor General. An audit plan with time frames were discussed with the Auditor General prior to the audit. This plan would have enabled the Auditor General to issue an audit report on 30 November 2007. Due to several reasons the Auditor General did not stick to the audit plan and was still issuing audit queries after the cut off date of submitting the audit report. Needless to say that no responses could be given on those audit queries as the Auditor General was pressurised to prepare their final audit report for assessment by their institution.

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- 2.3. A three year period is allowed from the 2005/2006 financial year to comply fully to the new standards. Every year new GRAP statements were completed and new international standards are added to the existing ones. This Directorate is satisfied with the progress made with regard to the implementation of the new standards, but is also aware of the number of issues that must be addressed to ensure full compliance.
- 2.4. Accounting standards are developed over many years and consist of best practices. Some practical treatment could differ due to interpretation and the unique environment of Local Government. There will be a number of new standards and changes to the existing ones as well as international standards to be adhered to.
- 2.5. Capacity problems during the process of financial year-end led to a serious backlog with the compilation of the 2006/2007 annual financial statements. There are three positions in the financial statements office which were all vacant on 30 June 2007. This must be seen in a very serious light as the officials were trained well to fulfil their responsibilities. Neighbouring Municipality's and nearby mines do draw some of our best trained officials in such a way that the personnel turnover in Finance is probably the highest in the Council. The appointment of new staff do take a while and training needs to be given to those officials before they can be fully productive in their workplace. The financial management unit has a total of 32 technical positions of which only 19 were filled at year-end. This represents a vacancy rate of more than 40%. During 2007 the Finance Directorate lost more experience than experience gained by the officials currently employed. Supervision and proper internal control are non existent and difficulty is experienced in the most basic transactions such as rendering of correct accounts and addressing client queries. This Directorate is also interdependent on assistance provided by Infrastructure and Building Control. It has become a tendency that developers do their own water connections without informing the Municipality. This is also inter alia contributing towards the high distribution losses.
- 2.6. Due to necessary study leave that officials from the Auditor General's office had to take, the capacity on their side was problematic at a certain stage in such a way that no audit queries were received to respond to. This entailed a bottle neck of audit queries and was very difficult to handle at once after released by the Auditor General. Attached as annexure "B" is a graph indicating the number of audit queries and the answers provided. As mentioned above the Auditor General and the Municipality agreed before the audit that the final audit queries will be issued on 24 October 2007, however on 12 December 2007 the last 17 audit queries were issued and a report was issued on 14 December 2007. It should be noted that 58% of the audit queries was issued after the agreed date of 24 October 2007. With the limited personnel and the late finalisation of the audit the opinion is held that the Municipality did not have sufficient time to address the matters raised in the audit report.

3. AUDIT OPINION

3.1. Attached as annexure "A" is the audit report from the Auditor General. A disclaimer of opinion (same as previous two years) was received for 30 June 2007. This means that the

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Auditor General did not express an opinion on the 2006/2007 financial position of the Municipality.

- 3.2. Matters that led to the disclaimer are as follows:
- 2.1. Opening balances
- 2.2. Debtors and receivables
- 2.3. Revenue
- 2.4. Grants
- 2.5. Property, plant and equipment
- 2.6. Value-Added Tax
- 2.7. Contingent Liability
- 2.8. Creditors
- 2.9. Funds and reserves
- 2.10. Commitments
- 3.3. The following matters were also raised without affecting the audit opinion:
- 3.3.1 Non-compliance with Applicable legislation
- 3.3.2 Value-for-money matter
- 3.3.3 Internal control processes
- 3.3.4 Unaudited supplementary schedules
- 3.3.5 Control Activities

4. MATTERS RAISED AND STEPS TAKEN TO IMPROVE THE SITUATION

The following responses relates to the qualifications which will be found from paragraph 5 of the audit report.

4.1. Opening Balances

We are aware of this fact. In 2005/06 it was agreed with the AG that changes to the AFS following the high-level review would be allowed. It was changed and the changed AFS was used when compiling the Consolidated AFS. However, the audit report was issued without taking the changes agreed upon into consideration.

When compiling the 2006/07 AFS, the rectified AFS was used, as only the Consolidated AFS was included in the Annual Report and disclosed to Council following the issuing of the audit reports.

Due to the net effect being R nil, we do not view the differences as material and request that the comparative figures as disclosed be accepted.

None of the reported differences have an effect on the financial position or performance of the Municipality for 2005/06. It is only a more correct disclosure of the actual position on 30 June 2006. The note on GAMAP implementation is likewise for disclosure purposes and not affecting the actual financial position.

4.2. Debtors and Receivables:

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A number of debtor accounts could not be verified due to insufficient supporting documentation. A huge effort from the officials side to supply the documentation needed by the Audit General was launched. The information requested for the Audit file was submitted. No debtor reconciliations were performed on debtor accounts and will have to be addressed as a matter of urgency. The control procedures over journal entries are in place. Attention will be given to the attachment to the journals to be more explanatory.

4.3. Revenue

Traffic Fines

Documents relating to the Traffic Fines were available at the relevant section for the Auditors and it was finalized that they will come to the office to check on the documents.

Licensing and Testing Section

Licenses and Permits Documents availed

Asset Report attached

Comment: Auditors were in the office, checking and capturing all the information on their computers.

The disclosure of the rental income from the Kloof Holiday Resort was incorrectly classified as other income. The Royalty income was incorrectly classified as rental income. The categories for reporting purposes are prescribed by National Treasury and the existing coding structure does not make the necessary provision to disclose it separately, however it is agreed that GAMAP 9 has not been complied with and the necessary steps will be taken to correct it.

4.4. Grants

The responsibility of the administration of grants as well as the responsibility to meet the conditions of the grant is the responsibility of the respective Directorates receiving the grants. Several attempts were made by this Directorate to obtain proper reconciliations and information on the MIG and the housing grants to enable this Directorate to disclose the grants and subsidies. In the absence of such documentation this Directorate had to allocate the grants to the best of our ability and knowledge.

One of the vacant Accountant positions in the budget office was filled and part of the duties of this position will be to gather relevant information to grants and subsidies to assist the Auditor General, however this does not take away any responsibility from the Directorates in this regard.

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COMMENTS: PMU MANAGER

The matters raised by the Auditor General regarding the Municipal Infrastructure Grant are being attended to by the Project Management Unit (PMU). Although difficulties were experienced during the 2006/07 financial year, the PMU will ensure that steps are taken to fully comply with the conditions of the grant.

4.5. Property, plant and equipment

As mentioned in the audit report, a huge effort was made to update the asset register of the Municipality regularly. This Directorate is also concerned regarding the movement of assets done by various Directorates and previously expressed its concern with regard to the matter. It should be noted that it is the responsibility of respective Directorates in terms of the Asset Management Policy of the Council to report any incident or any movement of the assets.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership which will be transferred by the end of the lease. It was accounted for as an operating lease due to the fact that the usage of the vehicles are limited and the Municipality therefore cannot use the vehicles as if the Municipality have full control over the vehicles.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount. Due to a lack of capacity in the asset office it was impossible to calculate impairment losses considering the fact that ±27000 assets needs to be considered. Although the policy already makes provision for impairment of assets Municipalities are not yet compelled to comply with the impairment principles in terms of the accounting standards. It is recommended that all Directorates already take note of this obligation.

ASSETS VERIFICATION AT DIRECTORATE PUBLIC SAFETY

Assets were inspected and monitored by the asset controllers and all the assets were recorded in accordance. Furthermore, assets that were moved were also recorded in the relevant forms. Asset controllers were happy with the status of the assets at the Emergency and Disaster Management Unit.

COMMENTS: AUDITOR GENERAL'S REPORT 2006/2007 ON COMMUNITY ASSETS

The Asset Managers are appointed in terms of the Asset Policy of the municipality.

The control over the assets is the responsibility of the Asset Managers. During August 2007 a full asset count of movable assets was done. The initial count revealed that 653 of the 9,371 assets could not be verified. An investigation was undertaken by the Asset Controllers and the number of non-verified assets was reduced to 313.

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The 313 assets is part of the total of 708 assets that were not verified during the August 2007 count. A report in this regard has been prepared and will be submitted to council for approval. The total value of assets to be written off is R218 105,14. This value is not material if it is compared to the total carrying value of the assets of R738 469 716.00 (0.03%).

From the above it is clear that the Directorates have done substantial work in this regard. Attach as annexure "D" is a report on the asset count and it is recommended that the non-verified assets be written off and that the asset register be amended accordingly.

4.6. Value-added tax

Exceptions raised during the 06/07 Audit were addressed and any additional information requested by the Office of the Auditor General was submitted.

Detail regarding the query raised in the Audit Report could not be supplied by the Office of the Auditor General despite numerous requests.

This resulted in the Directorate Finance's inability to address this query.

4.7. Contingent liability

CORRECTIVE MEASURES TO BE TAKEN: WASTE MANAGEMENT; CONTINGENT LIABILITY LANDFILL SITES

RLM has two groups of disposal sites, a permitted landfill site at Townlands and various so-called communal disposal sites.

1. Townlands Landfill Site:

Townlands is currently in a closure phase, with a completed draft Closure Plan completed which will be submitted to the authorities for final approval within the next month. Rehabilitation costs are incorporated in the current operating budget of R3 500 000 for the site. Parts of the site are currently in a rehabilitation phase. The final closure of the site is dependable on the completion of the new Waterval Landfill Site under development currently.

The costs of rehabilitation has been approved as part of the operation of the site. At this stage there is no need for a special rehabilitation fund for this site.

2. Waterval Landfill Site:

The new Waterval Landfill Site is currently in a developmental phase. The feasibility study has been completed and permission was granted to continue further development by the authorities in December 2007. The permit application phase is currently underway. The life span of the site is estimated at 30-40 years.

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Funding to the amount of R16 000 000 was received as a grant from MIG. The establishment of a rehabilitation fund will form part of the final financial plan for the site in the near future to ensure RLM complies with all the required environmental requirements to this regard. It is premature at this stage. The authorities will not approve the permit if this is not in place.

It is envisage that the site will be completed the end of 2009.

3. Communal disposal sites:

Various communal sites are in use all over our district. The total number is not available yet. To address the issue, RLM is in a process to implement a waste disposal strategy as part of the approved Integrated Waste Management Plan to firstly construct waste transfer stations and secondly to identify, register and rehabilitate all these communal sites.

Recommendations for the appointment of the consultants has been submitted and finalised by end January 2008. The project will be registered with MIG, but sufficient funding has been provided to commence with the project.

4.8. Creditors

All Creditors' payment requisitions are filed centrally and were available for audit on request.

No indication was made during the audit of non-submission of supporting documents.

Furthermore request for detail from Office of the Auditor General in this regard has been futile.

The short-term portion of the long-term lease liability was not disclosed separately from the long-term portion. This disclosure will be addressed with the 2008 financial statements. It is necessary to report that the disclosure differences will have no effect on the financial position or performance of the Municipality for 2006/2007.

4.9. Funds and Reserves

As far as could be determined no formal audit query was received, nor no informal query was raised in this regard. The information requested by the Auditor General is maintained on the asset register, which was submitted to the Auditor General. The necessary steps will be put in place to summarise information on the asset register in the format of a reconciliation.

4.10. Commitments

This matter was not raised in the audit report dated 14 December 2007 and no formal or informal audit query was raised. The Municipality were not given the opportunity to provide the necessary proof in this regard. The figure disclosed in the Annual Financial Statements represents the roll-over projects which is contained in the annual budget for 2007/2008.

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5. OTHER MATTERS;

5.1. Non-compliance with applicable legislation

A Finance MFMA project team was established to monitor the compliance with the MFMA during the 2007/2008 financial year.

This project team is monitoring inter alia:

- 1. The update of National Treasury returns on MFMA implementation, including the MFMA Implementation Plan.
- 2. The implementation of the MFMA and financial reform.
- 3. To identify non-compliance in relation to MFMA implementation and financial reform.
- 4. To identify capacity building areas.
- 5. To identify MFMA training requirements for Finance (MFMA learning programme).
- 6. The evaluation of quality, compliance and process of the budgets.

The Finance MFMA project team members are:

- The Chief Financial Officer
- The Unit Managers
- The Section Managers
- Accountants and Interns from the budget office as well as the
- International Financial Advisor

The Finance MFMA project team reports to the MFMA steering committee. The MFMA steering committee's responsibilities are inter alia:

- 1. To ensure the implementation of the Act is project managed by clearly assigning responsibilities and timelines.
- 2. To monitor the progress of the implementation and assist to address blockages.
- 3. To ensure elected members are informed of the Municipality's progress.
- 4. To adopted an updated, realistic and achievable MFMA implementation plan.

The steering committee comprise the following people:

- Executive Mayor
- Municipal Manager
- MMC Finance (Chairperson)
- MMC IDP
- CFO
- Performance Management Specialist
- International Advisor
- IDP Specialist
- Section Head: Budget Office
- Chief Audit Executive
- Unit Manager: Financial Management Services

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5.2. Value-for-money matters

The high vacancy rate, the political interference with appointments and the internal control processes have been referred to the Municipal Manager and the Director Corporate Support to attend to these matters.

5.3. Unaudited supplementary schedules

A new budget policy was approved by Council in November 2007. The information contained in annexures to the Annual Financial Statements is based on the approved budget by Council. No further steps can be taken at this stage as no accounting standard has been developed by the Local Standard Setter.

5.5. Control Activities

Each Directorate will have to re-look at all policies and procedures to ensure that an effective and efficient system of internal controls are in place.

5.6. Reporting on performance information

Audit finding (performance information)

In the report, the Auditor General report, reported that the performance information was not received on time, thus was unable to complete evaluation of the quality of the reported performance.

Management Response

The annual report of the Rustenburg Local Municipality was tabled before Council on the 27 November 2007 as per item 446. Submission to the office of the auditor General and other organs of state was made on the 4 December 2007.

- The only provision made in law (MFMA section 127(5)) is to submit the annual report to the Auditor General once the report has been tabled to Council.
- Section 45(b) of the Municipal systems, though provides for auditing of performance measurement by the Auditor General, does not prescribe dates of submissions.
- The time frames prescribed by MFMA suggest that the annual report be tabled by the 25 January of each year that would be by the end of the 7th month as per section 127(1).
- The timeousness of submission of the report to the office of the Auditor General was interpreted as being within 7 days after the tabling of the report to Council.
- It would therefore be justifiable to suggest that in future the office of the Auditor General should consider using the period of 2 months after the tabling and before the submission of the oversight report Council to complete an evaluation on the quality of the reported performance.

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The subject of the performance report not being submitted on time was discussed during the Performance Audit committee meeting wherein the Senior Manager in the AG office was sitting and it was agreed that the issue of timeliness in submission will require further investigation.

6. CONCLUSION

In terms of section 78 of the MFMA each senior manager of a Municipality must exercise financial management responsibilities. MFMA training is currently undertaken to assist senior managers in this regard to ensure improved support to the audit for the next financial year.

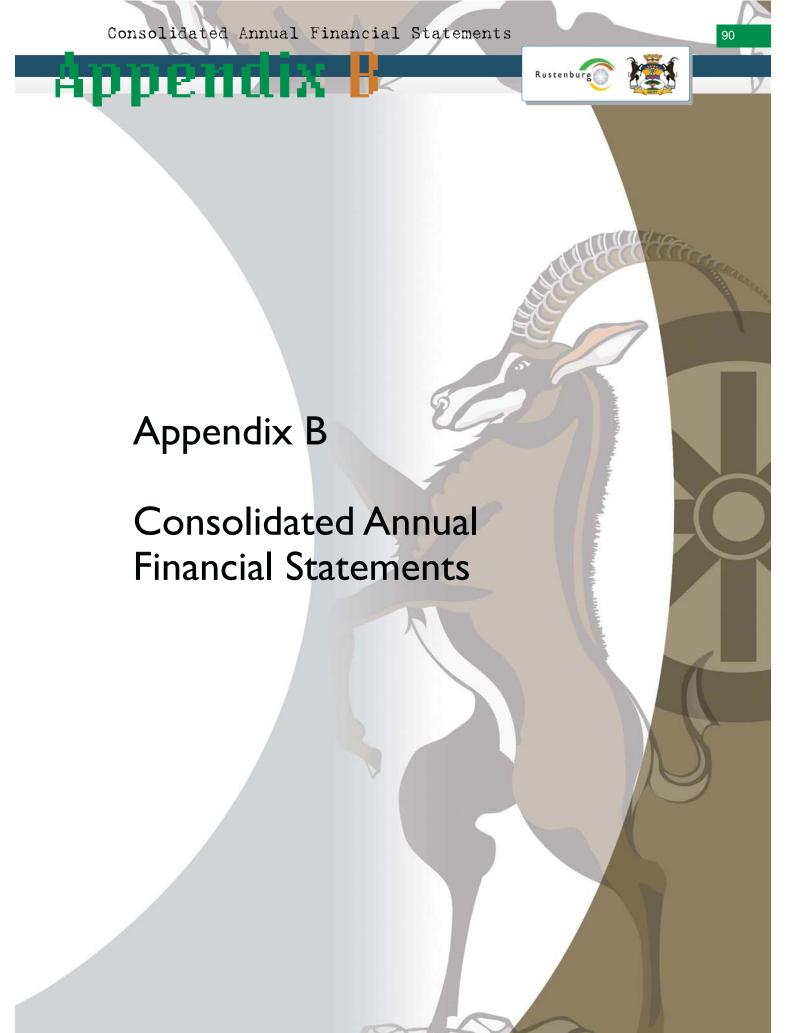
It is however our opinion that this audit was done by the Auditor General with limited personnel and that not sufficient time were given to respond to audit queries, especially towards the end of the audit.

The following matters are regarded as serious and a special effort will have to be taken to address these matters.

- Debtors and debtor reconciliation as well as income
- Conditional Grants
- Fixed Assets
- Value-Added tax
- Internal control processes of the Council

It was recently reported that Johannesburg Metro received its first clean audit report in 15 years. The matters raised by the Auditor General and the audit reports is seen in a serious light and under the current conditions it will not be possible to address all these matters in a year or two. It should be noted that the financial results for this financial year must be compiled within the next four months. This Directorate is dependant on the following to address the issues raised in the audit report:

- 1. Filling of all vacancies with competent officials.
- Appointment of a service provider for a three year period to assist the Municipality with the
 matters raised by the Auditor General to provide training and skills transfer, supervision,
 monitoring of performance and to re-implement proper internal control as well as the unpacking
 and further development of an implementation plan of corrective measures to be taken
 (Annexure "C").
- 3. Assistance and co-operation from other Directorates to address the matters raised by the Auditor General.
- 4. High level delegation to the Auditor General to discuss the co-operation and assistance that the Municipality could expect in future with regard to the audit and audit reports.









APPROVAL OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

As Accounting Officer, in terms of section 126(1)(b) of the Municipal Finance Management Act, Act no 56 of 2003, I am responsible for the preparation of the consolidated annual financial statements as set out on pages 92 to 128 and which I have signed on behalf of the Rustenburg Local Municipality.

I certify, in terms of section 124(1) of the Municipal Finance Management Act, that the salaries, allowances and benefits of Councillors as disclosed in the notes to these annual financial statements are within the upper limits of the framework envisaged in section 210 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with Act 20 of 1998.

Mr. A.J.F. Bushoff Municipal Manager 3//10/2007







RUSTENBURG LOCAL MUNICIPALITY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Note	2007 R	2006 R
NET ASSETS AND LIABILITIES		·	
Net assets		1,135,017,082	981,114,326
Housing Development Fund	1	63,771,481	36,224,505
Capital replacement reserve		234,943,847	277,051,987
Capitalisation reserve		246,508,261	307,583,755
Government grant reserve		309,374,833	269,797,315
Donations and public contribution reserves		11,762,500	11,075,989
Self-insurance reserve		16,178,140	14,633,430
Accumulated Surplus/(Deficit)		252,478,019	64,747,345
Non-current liabilities		109,650,935	91,361,043
₋ong-term liabilities	2	106,650,935	88,361,043
Non-current provisions	3	3,000,000	3,000,000
Current liabilities		227,089,133	193,334,850
Consumer deposits	4	18,589,226	16,814,517
Provisions	5	1,233,376	1,159,153
Creditors	6	135,509,535	104,428,123
Unspent conditional grants and receipts	7	33,701,542	45,463,165
/AT	8	36,345,351	24,355,117
Current portion of long-term liabilities	2	1,710,103	1,114,775
Total Net Assets and Liabilities		1,471,757,150	1,265,810,219
ASSETS			
Non-current assets		807,269,509	687,101,006
Property, plant and equipment	9	738,469,716	623,760,809
nvestments	10	59,679,393	52,253,284
ong-term receivables	11	9,120,400	11,086,913
Current assets		664,487,640	578,709,214
nventory	12	12,976,689	41,366,279
Consumer debtors	13	158,049,585	116,573,509
Other debtors	14	13,422,799	28,773,045
Current portion of long-term receivables	11	435,725	1,482,120
Short-term fixed deposits	15	329,594,080	320,833,929
Bank balances and cash	16	150,008,763	69,680,331
Total Assets		1,471,757,150	1,265,810,219







RUSTENBURG LOCAL MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007	2006
		R	R
REVENUE			
Property rates	17	86,741,755	79,712,719
Service charges	18	652,733,542	565,372,848
Rental of facilities and equipment		39,365,098	6,090,137
Interest earned - external investments		43,085,501	27,058,020
Interest earned - outstanding debtors		31,692,624	21,533,872
Fines		4,340,411	4,474,589
Licences and permits		4,321,819	3,886,017
Income from Agency services		7,090,569	6,596,897
Government grants and subsidies	19	290,965,088	283,567,443
Other income	20	23,845,311	24,302,380
Gains on disposal of property, plant and equipment		7,329,948	-
Less: Income foregone		(885,864)	(2,384,619
Total Revenue		1,190,625,802	1,020,210,303
EXPENDITURE			
Employee related costs	21	167,835,596	152,773,146
Remuneration of Councillors	22	13,308,449	11,606,906
Bad debts provision		101,275,636	55,000,000
Collection costs		11,034,933	1,051,106
Depreciation		64,777,602	51,135,395
Repairs and maintenance		20,158,301	21,379,133
Interest paid	23	12,939,220	11,007,869
Bulk purchases	24	414,944,923	378,228,239
Contracted services		47,273,428	47,031,338
Grants and subsidies paid	25	161,667	91,200
General expenses	26	206,052,484	311,774,055
Loss on disposal of property, plant and equipment		· · · <u>-</u>	4,641,625
Provisions to leave and insurance		5,598,422	
Total Expenditure		1,065,360,661	1,045,720,012
SURPLUS/(DEFICIT)		125,265,141	(25,509,709
SURPLUS/(DEFICIT) FOR THE YEAR		125,265,141	(25,509,709

Refer to Appendix E(1) for the comparison with the approved budget

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Reservence and Funds Reservence and Funds R R Correction of error Change in accounting policy Restated balance Surplus/(deficit) for the year Transfer to CRR	Reserves	Develop	Sillenou.	Capital	Capitalisation	Coveriment	Dollations and			Otal
5000	ρι		Develop.	aut	Reserve	Grant	Public	Insurance	Surplus/	
5006		Fund	Fund	Reserve		Reserve	Contribution	Reserve	(Deficit)	
2006	spu	(Internal)	(Grant)				Reserve			
	~	œ	œ	~	ĸ	~	ĸ	~	ĸ	œ
Defaultion at 1 July 2003 Correction of error Change in accounting policy Restated balance Surplus/(deficit) for the year Transfer to CRR		6 600 760	60 260 700	7000	327 603 766	704	000	900	000 000	709 400 900
Chreation or error Change in accounting policy Restated balance Surplus/(deficit) for the year Transfer to CRR	'	0,002,102	32,300,730	476,616,107	007,000,100	010,087,181	12,223,233	080,008,01	149,000,703	990,904,007
Change in accounting policy Restated balance Surplus/(deficit) for the year Transfer to CRR	'								18,656,227	13,050,22/
Restated balance Surplus/(deficit) for the year Transfer to CRR	+								14,750,968	14,750,968
Surplus/(deficit) for the year Transfer to CRR	•	6,602,752	52,360,798	261,519,324	307,583,755	191,795,610	12,229,299	13,956,396	184,293,898	1,030,341,832
Transfer to CRR									(25,509,709)	(25,509,709)
				15,532,663					(15,532,663)	•
PPE purchased										•
Capital grants used to purchase PPE						93,161,414			(93,161,414)	•
Donated/contributed PPE										•
Contribution to Insurance Reserve								1,590,932	(1,590,932)	•
Insurance claims processed								(913,898)	•	(913,898)
Transfer to Housing Development Fund		64,854	(20,464,078)						(64,854)	(20,464,078)
Asset disposals		(2,339,821)				(1,378,187)			1,378,187	(2,339,821)
Offsetting of depreciation						(13,781,522)	(1,153,310)		14,934,832	•
Balance at 30 June 2006	•	4,327,785	31,896,720	277,051,987	307,583,755	269,797,315	11,075,989	14,633,430	64,747,345	981,114,326
2007										
Correction of errors - various									3,940,214	3,940,214
Correction of error - Contributions				19,284,218					(19,284,218)	1
Correction of error - off-setting of depreciation:2006					(36,383,085)				36,383,085	
Change in accounting policy										
Restated balance	•	4,327,785	31,896,720	296,336,205	271,200,670	269,797,315	11,075,989	14,633,430	85,786,426	985,054,540
Surplus/(deficit) for the year									125,265,141	125,265,141
Transfer to CRR				4,824,732					(4,824,732)	•
Capital grants used to purchase PPE				(90,902,422)					90,902,422	•
Contribution from Acc.Surplus: Assets purchased					7,235,914	59,333,583	2,014,590		(68,584,087)	
Donated/contributed PPE										•
Contribution to Insurance Reserve								593,244		593,244
Contribution from Insurance Reserve								(100,000)		(100,000)
Insurance claims processed								(252,372)		(252,372)
Nett increase in Housing Development Fund			24,456,529							24,456,529
Transfer to Housing Development Fund			2,704,841						(2,704,841)	•
Contributions to Funds and Reserves-Interest		385,606		24,685,332				1,303,838	(26,374,776)	•
Asset disposals									1	
Offsetting of depreciation					(31,928,322)	(19,756,065)	(1,328,079)		53,012,466	
Balance at 30 June 2006	•	4,713,391	59,058,090	234,943,847	246,508,262	309,374,833	11,762,500	16,178,140	252,478,019	1,135,017,082







RUSTENBURG LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES		K	K
Cash receipts from ratepayers, government and other		1,154,513,060	1,061,769,116
Cash paid to suppliers and employees		(971,963,874)	(1,005,309,229)
Cash generated from/(utilised in) operations	28	182,549,186	56,459,886
Interest received		74,778,125	48,591,892
Interest paid		(12,939,220)	(11,007,869)
NET CASH FROM OPERATING ACTIVITIES		244,388,091	94,043,909
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(179,486,509)	(146,895,023)
Proceeds on disposal of property, plant and equipment		7,940,273	5,246,091
(Increase)/decrease in non-current receivables		3,012,909	6,458,845
Increase in non-current investments		(7,426,109)	(4,171,360)
NET CASH FROM INVESTING ACTIVITIES		(175,959,437)	(139,361,447)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		18,885,219	19,469,818
Increase in consumer deposits		1,774,710	1,630,614
NET CASH FROM FINANCING ACTIVITIES		20,659,929	21,100,432
NET INCREASE IN CASH AND CASH EQUIVALENTS		89,088,583	(24,217,106)
Cash and cash equivalents at the beginning of the year	29	390,514,260	366,297,154
Cash and cash equivalents at the end of the year	29	479,602,843 89,088,584	390,514,260 (24,217,106)







1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, which are carried at fair value.

In accordance with section 122(3) of the Municipal Finance Management Act (Act No, 56 of 2003), the Municipality has adopted Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year.

GAMAP and GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in the notes to the Financial Statements.

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants - Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997), Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEG responsible for housing.







5. RESERVES

5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/ (deficit) to the CRR. A corresponding amount will be transferred to a designated CRR bank or investment account when the annual financial statements that have been prepared on GAMAP/GRAP principles are tabled for the first time before Council. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/ (deficit) are credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR Is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

5.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/ (deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

5.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/ (deficit)

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/ (deficit).







RUSTENBURG LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007 (continued)

5.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the , Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/ (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

5.5 Self-Insurance Reserve

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (adapt to specific circumstances). The balance of the Self-Insurance Reserve is determined based on 5% of the insurance risk carried by the Municipality (state basis of determining balance of self-insurance reserve) and past claims history in terms of a Council Resolution and is reinstated or increased by a transfer from the accumulated surplus/ (deficit). The balance of the self-insurance fund is invested in short-term cash investments.

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

5.6 COID Reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases (COID). In terms of the exemption from the Compensation Commissioner, the Municipality has established a COID reserve to offset claims from employees.

Amounts are transferred to the COID Reserve from the accumulated surplus based on the statutory rate of contributions set out in the Compensation for Occupational Injuries and Diseases Act, (Act No. 130 of 1993) as well as additional amounts deemed necessary to ensure that the balance of the Reserve is adequate to offset potential claims.

The balance of the COID Reserve is based on 0.75% of the annual remuneration of employees that qualify for COID benefits. Individual claims greater than R500 000 are reinsured.

Claims are paid as determined by the Compensation Commissioner. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus.

5.7 Revaluation Reserve

The surplus arising from the revaluation of lsr.d =tnd buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.







6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

	Years	Other
Infrastructure		
Roads and Paving	30	Buildings
Pedestrian Malls	30	Specialist vehicles
Electricity	20-30	Other vehicles
Water	15-20	Office equipment
Sewerage	15-20	Furniture and fittings
Housing	30	Watercraft
		Bins and containers
Community		Specialised plant and equipment
Buildings	30	Other items of plant and equipment
Recreational Facilities	20-30	Landfill sites
Security	5	

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions - see Accounting Policy 14 on Provisions.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.







7. REVALUATION OF LAND AND BUILDINGS

Land and buildings are stated at historical cost and no revaluation is done.

8. INVESTMENTS

8.1 Financial Instruments

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2 Investment in Associate

An associate is an entity over which the Municipality is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/ (deficits) less any dividends received.

Where the Municipality or its Municipal Entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where the Municipality is no longer able to exercise significant influence over the associate the equity method of accounting is discontinued.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

8.3 Investment in Municipal Entities

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

8.4 Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Municipality and other parties undertake an economic activity that is subject to joint control, Interests in jointly controlled entities are stated at cost.

9. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. ip general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.







10. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

11. TRADE CREDITORS

Trade creditors are stated at their nominal value.

12. REVENUE RECOGNITION

12.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the Invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised







12.2 Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

13. CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met *a* liability is recognised.

14. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

15. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.







16. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure, Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

19. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

20. LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rales on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sals Income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.





21. RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

22. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

23. COMPARATIVE INFORMATION

20.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current financial year only.

20.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.







RUSTENBURG LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	63,771,481	36,224,505
Unappropriated Surplus	59,058,090	31,896,720
Loans extinguished by Government on 1 April 1998 (Old Housing Development Fund)	4,713,390	4,327,785
The Housing Development Fund is represented by the following assets and liabilities Bank Account	55,513,999	21,206,334
Interest receivable	-	231,123
Debtors - VAT claimable	2,015,769	3,906,133
Creditors-housing	(2,205,405)	(68,400)
Other	(169,053)	-
Housing - retention	(2,869,834)	_
Adjustments to VAT pay over	151,085	-
Amount to be carried from Primary Account to ringfence housing	6,621,529	6,621,529
Total Housing Development Fund Assets and Liabilities	59,058,090	31,896,720
2 LONG-TERM LIABILITIES		
Annuity loans		
- Liberty life	-	2,000
Other long-term loans		
- INCA Loan	50,000,000	50,000,000
- ABSA Loan - First draw down	18,883,046	19,473,818
- ABSA Loan - Second draw down	19,477,991	20,000,000
- ABSA Loan - Third and final draw down	20,000,000	
Sub-total	108,361,037	89,475,818
Less : Current portion transferred to current liabilities	1,710,103	1,114,775
- Liberty life	-	2,000
- INCA Loan	-	-
- ABSA Loan - First draw down - 30 June 2005	645,103	590,772
- ABSA Loan - Second draw down - 30 June 2006	567,675	522,003
- ABSA Loan - Third and final draw down - 30 June 2007	497,325	-
Total External Loans	106,650,935	88,361,043

Refer to Appendix A for more detail on long-term liabilities

Annuity Loans

The annuity loan beared interest at 9.5% and was redeemed on 30 September 2006.

INCA Loan

Bears interest at 16.5% per annum and will be fully redeemed with a redemption fund investment made at INCA specifically for this purpose. The loan will be redeemed on 23 April 2009. Refer to note on investments on the current value of the redemption fund.





ABSA Loan

Bears respectively interest from first draw down at 11.92%, 12.02% and 12.14% and is repayable within 15 years from drawdown.

3 NON-CURRENT PROVISIONS

Provision for long-service	3,000,000	3,000,000
Total Non-Current Provisions	3,000,000	3,000,000
The long-service award is payable after every 5 years of continuous service.		
The provision is an estimate of the long-service based on historical		
staff turnover.		
The movement in the provision for long-service awards are reconciled as follows:		
Balance at beginning of year	4,159,153	-
Contributions to provision	74,224	4,159,153
Expenditure incurred	· -	-
Increase in provision due to discounting	-	-
Transfer to current provisions	(1,233,376)	(1,159,153)
Balance at end of year	3,000,000	3,000,000
4 CONSUMER DEPOSITS		
Electricity and Water	18,589,226	16,814,517
No interest are paid		
on consumer deposits received.		
Guarantees held in lieu of Electricity and Water Deposits	28,097,117	30,763,384
5 PROVISIONS		
Current portion of long-service provision (see note 3 above)	1,233,376	1,159,153
Total Provisions	1,233,376	1,159,153
The movement in the current portion of long-service provisions are reconciled as follows:		
Balance at beginning of year	1,159,153	_
Transfer from non-current	74,224	1,159,153
Contributions to provision	-	-
Expenditure incurred	-	-
Balance at end of year	1,233,376	1,159,153
6 CREDITORS		
Trade creditors	79,642,002	49,519,728
Payments received in advance	8,906,913	5,459,531
Retentions	9,253,170	5,358,176
Staff leave	16,579,145	14,114,766
Unspecified income/unallocated grants	12,036,941	10,667,728
Other creditors	9,091,364	19,308,193
Total Creditors	135,509,535	104,428,123







7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

7.1 Conditional Grants from other spheres of Government		
MIG Grants	5,689,134	17,235,480
Bojanala Platinum District Municipality	6,139,012	10,077,326
Finance Management Grant	3,462,676	3,829,360
Public Transport Infrastructure	2,578,876	4,000,000
Other conditional grants		6,274,079
DASA - Library Grant	5,488,645	
Umsobomvu Youth Fund	130,205	
FIFA 2010 World Cup	4,057,991	
MSIP Grant	111,275	
IMMIS Grant	159,035	
DWAF Greening Strategy	100,000	
Magalies Water	1,200,000	
SEED funding	1,123,426	
DWAF - WSDP	497,580	
DME - Boitekong	675,810	
IDP Grant	114,103	
7.2 Other Conditional Receipts		
Public contributions	2,173,774	4,046,920
Total Conditional Grants and Receipts	33,701,542	45,463,165

See Note 19 for reconciliation of grants from other spheres of government.

These amounts are not yet invested in a ring-fenced investment until utilized.

8 VAT

Net VAT payable 36,345,351 24,355,117

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.







RUSTENBURG LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

9. PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2007

30 JUNE 2007							1	
	Land and	Infra-				Housing	Leased	
Reconciliation of	Buildings	structure				(Rental	infrastructure	
Carrying Value			Community	Heritage	Other	Old Age)		Total
	R	R	R	R	R	R	R	R
Carrying values								
at 1 July 2006	70,993,051	441,549,592	55,008,743	429,115	52,073,475	3,706,833	-	623,760,809
Cost after reclassification	97,921,918	731,693,945	95,541,968	429,115	122,165,362	4,753,493	-	1,052,505,801
Cost	102,188,996	691,166,480	92,261,315	466,589	161,640,495	4,781,926	-	1,052,505,801
Correction of reclassification	(4,267,078)	40,527,465	3,280,653	(37,474)	(39,475,133)	(28,433)	-	-
Revaluation		-	-			-	-	-
Accumulated depreciation after								
reclassification	26,928,867	290,144,353	40,533,225	-	70,091,887	1,046,660	-	428,744,992
Cost	29,530,816	284,418,331	38,233,706	8,843	75,499,920	1,053,376	-	428,744,992
Correction of reclassification	(2,601,949)	5,726,022	2,299,519	(8,843)	(5,408,033)	(6,716)		
Revaluation	-	-	-	-	- 1	-	-	-
Acquisitions	10,108,275	123,077,993	2,402,418	-	43,897,823	-	-	179,486,509
Capital under Construction								
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	2,185,610	42,880,445	3,790,414	-	15,777,729	143,404	-	64,777,602
- based on cost	2,185,610	42,880,445	3,790,414	-	15,777,729	143,404	-	64,777,602
- based on revaluation								-
Carrying value of disposals	_		-	-	-	-	-	-
Cost/revaluation	- 1	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Impairment losses								
Other movements								
Carrying values								
at 30 June 2007	78,915,716	521,747,140	53.620.747	429.115	80,193,569	3,563,429		738.469.716
Cost	108,030,193	854,771,938	97,944,386	429,115	166,063,185	4,753,493	-	1,231,992,310
Revaluation	100,030,193	054,771,930	91,944,300	429,115	100,003,103	4,755,495	-	1,231,992,310
	29,114,477	333,024,798	44,323,639	_	85,869,616	1,190,064	- [493,522,594
Accumulated depreciation				-	-		-	
- Cost	29,114,477	333,024,798	44,323,639]	85,869,616	1,190,064	-	493,522,594
- Revaluation	1	-	_	· ·	·	_	-	-

30 JUNE 2006	Land and	Infra-				Housing	Leased	
Reconciliation of	Buildings	structure				(Rental	infrastructure	
Carrying Value			Community	Heritage	Other	Old Age)		Total
	R	R	R	R	R	R	R	R
Carrying values								
at 1 July 2005	75,884,393	339,366,721	45,298,740	29,880	73,332,540	3,976,623	-	537,888,897
Cost	103,253,604	593,162,928	80,411,282	37,474	139,049,349	4,888,909		920,803,546
Correction of error	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation	27,369,211	253,796,207	35,112,542	7,594	65,716,809	912,286	-	382,914,649
- Cost	27,369,211	253,796,207	35,112,542	7,594	65,716,809	912,286		382,914,649
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	4,417,897	101,517,071	12,791,066	429,115	27,739,874			146,895,023
Capital under Construction								
Increases/decreases in revaluation	-	-	-	-	-	-	-	-
Depreciation	2,226,704	31,632,107	3,264,396	1,249	13,866,283	144,656	-	51,135,395
- based on cost	2,226,704	31,632,107	3,264,396	1,249	13,866,283	144,656		51,135,395
- based on revaluation								-
Carrying value of disposals	(5,417,406)	(2,503,536)	(797,801)	-	(1,065,556)	(103,417)	-	(9,887,716)
Cost/revaluation	(5,482,505)	(3,513,519)	(941,033)		(5,148,728)	(106,983)		(15,192,768)
Accumulated depreciation	65,099	1,009,983	143,232		4,083,172	3,566		5,305,052
Impairment losses								
Other movements								
Carrying values								
at 30 June 2006	72,658,180	406,748,149	54,027,609	457,746	86,140,575	3,728,550	-	623,760,809
Cost	102,188,996	691,166,480	92,261,315	466,589	161,640,495	4,781,926	-	1,052,505,801

Appendix 1



9,120,400

11,086,913

0	INVESTMENTS		
	Listed Sanlam shares	90,728	90,728
	Unlisted		
	Investment in Municipal Entities - at cost - Rustenburg Water Services Trust	1,000	1,000
	Financial Instruments		
	Fixed Deposits	59,587,665	52,161,556
	Total Cash Investments	59,587,665	52,161,556
	Total Investments	59,679,393	52,253,284
	Fixed Deposits of R39 483 178 (2006: R34 232 285) are ring fenced for the purpose of repaying long-term liabilities as set out in note 2.		
	Market valuation of listed investments Sanlam shares	266,728	197,912
	Salidii Sides	200,720	137,312
	Council's valuation of unlisted investments		
	Investment in Municipal Entity: Rustenburg Water Services Trust	1,000	1,000
	Investment in Municipal Entity: Rustenburg Water Services Trust (RWST)		
	Percentage owned by Council (%)	100%	100%
	Indebtness of Municipal Entities (R)	4,115,610	4,115,610
	Dividend received (R)	-	-
	Management fees received (R)	- 00.050.700	-
	Purification charges paid to RWST Purified water purchased from RWST	22,852,760 402,400	22,415,031 549,854
	Bospoort Purified Potable Water	12.879.824	349,634
	Buspoort Furnied Fotable Water	12,075,024	
1	LONG-TERM RECEIVABLES		
	Consumer debtors transferred to long-term debtors (Wa Wina-project)	4,315,540	3,802,065
	Wa Wina-cost recovery project	124,315,540	130,802,065
	Less: Provision for doubffull debts	(120,000,000)	(127,000,000)
	Loans - Sale of Stands	490,358	1,211,220
	Vehicle Loans	561,079	2,592,850
	Finance lease to Rustenburg Water Services Trust (Municipal Entity)	3,889,679	4,115,610
	Individual Housing Building Scheme	73,538	847,289
	Rustenburg Water Services Trust	225,931	42 500 022
	Less : Current portion transferred to current receivables	9,556,125 (435,725)	12,569,033 (1,482,120)
	Loans - Sale of Stands	(28,082)	(354,538)
	Vehicle Loans	(340,875)	(856,682)
	Wa Wina consumer debtors	(340,073)	(000,002)
	Individual Housing Building Scheme	(66,768)	(270,900)

LOANS TO MUNICIPAL ENTITIES

No new loans were made to the municipal entity.

CAR LOANS

Total Receivables

11

Senior staff was previously entitled to car loans which attract interest between 8% and 16% per annum and which are repayable over a maximum period of 6 years. No new loans were granted since the implementation of the MFMA on 1 July 2004.

HOUSING SCHEME LOANS

Housing loans were granted to qualifying individuals in terms of the provincial administrations housing programme. These loans attract interest of 13,5% per annum and are repayable over 20 years.

12 INVENTORY

Consumable stores – at cost	428,700	269,527
Maintenance materials – at cost	9,491,386	7,986,125
Spare parts – at net realisable value	109,039	78,787
Protective clothing - at cost	93,831	
Water – at cost	199,640	243,126
Other goods held for resale – at cost	-	214,548





13 CONSUMER DEBTORS

	Gross	Provision for	Net
	Balances	Bad debts	Balances
As at 30 June 2007			
Service debtors	713,897,489	552,006,911	161,890,578
Rates	82,627,165	63,889,798	18,737,367
Electricity	85,814,473	66,354,320	19,460,153
Water	239,065,727	184,852,777	54,212,950
Refuse	80,238,408	62,042,739	18,195,669
Sewerage	66,796,933	51,649,388	15,147,545
Other	159,354,783	123,217,889	36,136,894
Housing rentals	2,092,636	1,618,089	474,547
Total	715,990,125	553,625,000	162,365,125
Long-term consumer debtors(Wa Wina)	<u>124,315,540</u> 715,990,125		4,315,540 162,365,12 5
	715,990,125	553,625,000	162,365,125
As at 30 June 2006			
Service debtors	570,883,507	450,894,966	119,988,541
Rates	74,156,062	58,569,910	15,586,152
Electricity	70,181,505	55,430,726	14,750,779
Water	178,380,031	140,888,039	37,491,992
Refuse	68,910,450	54,426,822	14,483,628
Sewerage	55,408,830	43,762,978	11,645,852
Other	123,846,629	97,816,491	26,030,138
Housing rentals	1,841,431	1,454,398	387,033
Total	572,724,938	452,349,364	120,375,574
Consumer debtors are disclosed as follows on the face of the State	ement of Financial Position:		
Consumer debtors	441,922,873	325,349,364	116,573,509
Long-term consumer debtors(Wa Wina)	130,802,065	127,000,000	3,802,065
	572,724,938	452,349,364	120,375,574







	Consumer debtors: Ageing	07.054.244	64 225 052
	Current (0 – 30 days) 31 - 60 Days	87,954,341 37,780,888	64,325,052 31,184,340
	61 - 90 Days	25,152,184	12,469,637
	91 - 120 Days	28,219,187	14,875,396
	121 - 150 Days	17,208,076	12,378,764
	+ 150 Days	395,359,909	306,621,946
	Wa wina debtors	124,315,540	130,869,803
	Total	715,990,125	572,724,938
	Rates: Ageing		
	Current (0 – 30 days)	6,898,635	6,562,246
	31 - 60 Days	4,057,133	3,607,358
	61 - 90 Days	2,561,268	2,301,259
	91 - 120 Days 121 - 150 Days	2,306,624 2,210,059	2,566,796 1,913,382
	+ 150 Days	49,581,642	41,359,180
	Wa wina debtors	15,011,803	15,845,841
	Total	82,627,164	74,156,062
	(Electricity, Water, Sewerage, refuse and other): Ageing Current (0 – 30 days)	81,055,706	57,651,749
	31 - 60 Days	33,610,449	27,529,811
	61 - 90 Days	22,529,698	10,128,380
	91 - 120 Days	25,861,099	12,263,982
	121 - 150 Days	14,936,594	10,431,607
	+ 150 Days	343,973,042	263,697,954
	Wa wina debtors	109,303,737	115,023,962
	Total	631,270,325	496,727,445
	Housing rentals: Ageing		
	Current (0 – 30 days)	-	111,057
	31 - 60 Days	113,306	47,171
	61 - 90 Days	61,218	39,998
	91 - 120 Days	51,464	44,618
	121 - 150 Days	61,423	33,775 1,564,812
	+ 150 Days Wa wina debtors	1,805,225	1,304,612
	Tabl	2 002 626	4 044 424
	Total	2,092,636	1,841,431
	Reconciliation of the bad debt provision		
	Balance at beginning of the year	452,349,364	397,349,364
	Contributions to provision	101,275,636	55,000,000
	Bad debts written off against provision	-	-
	Reversal of provision Balance at end of year	553,625,000	452,349,364
	balance at end of year	333,023,000	432,343,304
	Bad debts to the amount of R 6 571 333 (2006: R 5 908 807) was written off during the year.		
4	OTHER DEBTORS		
•	Grant Debtors - Capital Projects	7,543,615	22,537,450
	Study Loans to employees	486,555	552,827
	Housing Grants Receivable	-	-
	DBSA Funds	-	-
	Austrian Government - Capital Projects: Lethabong	1,827,394	1,827,394
	Interest Receivable	2,659,041	1,670,875
	CMIP labour Intesive Project	-	-
	Magalies Water	-	-
	Bridging Finance - Housing Projects	-	-
	Bojanala Platinum District Municipality CMIP Debtor	-	-
	Suspense debtors	906,194	2,184,500
	Total Other Debtors	13,422,799	28,773,045
5	SHORT-TERM FIXED DEPOSITS		
	-ABSA	50,000,000	80,000,000
	- Nedbank	50,000,000	80,000,000
	- First National Bank	100,000,000	75,000,000

Appendix





16 BANK, CASH AND OVERDRAFT BALANCES

16.1	Current Account (Primary Bank Account)		
	ABSA, Rustenburg branch		
	Account number: 1220 000 458		
	Cash book balance at beginning of year	48,456,683	8,996,764
	Cash book balance at end of year	90,411,313	48,456,683
	Bank statement balance at beginning of year	81,993,256	32,634,255
	Bank statement balance at end of year	106,732,049	81,993,256
	The Municipality does not have any overdraft facilities.		
16.2	Housing Development Account		
	ABSA, Rustenburg branch		
	Account number: 405 461 7192		
	Cash book balance at beginning of year	21,206,334	48,685,510
	Cash book balance at end of year	55,513,999	21,206,334
	Bank statement balance at beginning of year	39,020,747	49,776,722
	Bank statement balance at end of year		
	Dam data in the data is a feet	63,870,481	39,020,747
16.3	2010 FIFA World Soccer Bank account		
	ABSA, Rustenburg branch		
	Account number: 40-6760-2132		
	Cash book balance at beginning of year		-
	Cash book balance at end of year	4,057,991	-
	Bank statement balance at beginning of year		
	Bank statement balance at end of year	4,057,991	
	Bank and cash balances at end of year:		
	- Bank balances as disclosed above	149,983,303	69,663,017
	- Cash on hand	25,460	17,314
		150,008,763	69,680,331

appendia .





17 PROPERTY RATES

Actual		
Residential	49,499,107	45,907,719
Commercial	31,834,129	28,860,000
Agricultural	1,795,643	1,571,000
State	3,612,876	3,374,000
Total Assessment Rates	86,741,755	79,712,719
Property Valuations: Site values only	June 2007	June 2006
Residential	1,252,084,951	1,152,238,652
Commercial	415,246,800	377,636,200
Industrial	30,852,000	-
Municipal	7,487,300	8,826,000
Agricultural	300,649,164	203,425,000
State	184,155,220	123,803,000
Churches	389,000	-
Educational	3,381,900	
Total Property Valuations: Sites	2.194.246.335	1 865 928 852

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 October 2003 and will be effective until 30 June 2007. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of 4.10 cent (2006: 3,89 cent) in the rand on land value only is applied to property valuations to determine assessment rates. Rebates of between 20% and 40% is given to pensioners depending on their gross monthly income. The comparative amounts did not previously include the site values of industrial, church and educational sites.

18 SERVICE CHARGES

Total Service Charges	652,733,542	565,372,848
Other		-
Sewerage and sanitation charges	33,593,003	27,963,732
Refuse removal	32,812,337	29,984,591
Sale of water	156,766,400	115,855,777
Sale of electricity	429,561,802	391,568,748







19 GOVERNMENT GRANTS AND SUBSIDIES

- From organs of the State on National level		
Equitable share	87,838,527	76,937,238
Provincial health subsidies	542,000	1,542,910
MIG Grant	41,317,711	62,582,229
Housing project grants	130,568,960	103,227,205
Skills levy	818,026	1,683,295
Department of Water Affairs and Forestry	500,000	1,397,200
Department of Minerals & Energy	5,189,414	2,389,760
Municipal Infrastructure Grant for PMU	1,630,444	2,142,000
Integrated Development Grant	-	136,943
Finance Management Grant	866,685	809,547
Library	-	410,691
Seta: EPWP training	1,447,555	639,000
Department of Sports, Arts & Culture	2,950	309,932
IMMIS grant	88,725	-
Municipal Systems Improvement Grant	190,965	-
- From organs of the State on Provincial Level		
Pedestrian Hazardous Locations grant	-	390,570
Local Government Support Grant	-	88,860
Library, Information & Educational network	-	-
Health Service subsidy/grant	-	-
Kanana Building for Sport and Recreation Programme	105,821	-
CBD Study grant: LED	36,920	-
Revenue Enhancement	-	1,086,280
Fire and Emergency	1,421,123	300,000
Intergovernmental Grant(DSAC)	-	340,068
NWPLG - Motor bikes (Traffic)	-	1,499,318
- Private grants/subsidies		
Development of Communications Strategy: BPDM	16,523	103,477
DBSA - City Development Agency	571,827	299,991
Library, Information & Educational network: Mines	395,764	259,505
Business Advice Centre: Anglo Platinum	86768	-
Tribal authority grant	0	3,458,161
Mines	75,000	-
- From other municipalities		
Local Government SETA: ABET	110,610	
BPDM	15,128,181	21,229,918
BPDM - Cascading of PMS	-	300,000
Other	2,014,589	3,345
		-
Total Government Grant and Subsidies	290,965,088	283,567,443

The municipality has complied with all the conditions set by the transferring organ of State or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as unspent conditional grants on the face value of the Statement of Financial Position of the municipality. R35,8 million destined for the municipality in terms of the Division of Revenue Act were stopped during the financial year due to significant under expenditure on the Municipal Infrastructre Grant. Refer to Government Notice No. 29755 dated 29 March 2007.

19.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R333 if the household income is below R840 per month. If household income is more then R840 but less than R1680 per month, only 50% of the subsidy is allocated to the indigent household.

19.2 Provincial Health Subsidies

Balance unspent at beginning of year

Current year receipts - included in public health vote		-
Conditions met - transferred to revenue	542,000	1,542,910
Conditions still to be met - transferred to liabilities (see note 7)	(542,000)	(1,542,910)
	_	

The Municipality renders health services on behalf of the Provincial Government and is only refunded approximately 25% of total expenditure incurred. This grant has been used exclusively to fund clinic services.







Balance unspent at beginning of year 1,22,54,69 1,73,75,79 7,73,73,737 7,73,73,737 7,73,73,737 7,73,73,737 7,73,73,737 7,73,73,737 7,73,73,73,73,73 1,73,73,73 2,73,73,73,73 1,73,73,73 2,73,73,73			
Section 1988	19.3 MIG Grant Balance unspent at beginning of year	17 235 480	21 920 112
Concessions Constitution Const			
See note 7 See note 7 See note 7 T235,480			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Section Sect		(39,308,847)	(62,582,229)
Basino unspent at beginning of year (2014) 10,077,328 2,240,714 20,000 20,	(See note 7)	5,689,134	17,235,480
Palaince unspert at beginning of year	development. R 35 820 000 was stopped due to under		
Current year receipts	19.4 Municipality		
Current year receipts	Balance unspent at beginning of year	10 077 326	2 240 714
Sea note 7 10,077,326 10,			
Passed on the allocations set out in the latest Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years. Content Nooth	Conditions met - transferred to revenue	(16,643,254)	(22,018,605)
Search on the allocations set out in the latest Division of Revenue Act. to significant changes in the level of government grant funding are expected over the forthcoming 3 financial years. Page	(See note 7)		
Service connections	19.5 Changes in levels of government grants		
Service connections 7,74,34,34 9,180,100 Rent. Kloof Holidiay Resort 1,401,001 1,511,461 Engineering services contributions 3,748,680 4,623 1 felephone fees recovered 45,13,261 4,722,005 Cherry Carlot 4,523,661 4,722,005 Cherry Carlot 5,886,714 6,125,138 Total Other Income 23,845,311 24,302,300 EMPLOYEE RELATED COSTS Employee related costs - Salaries and Wages 112,212,629 101,755,124 pensions and medical aids 31,435,726 29,722,434 other allowances 7,561,337 7,237,224,34 Housing benefits and allowances 1,848,197 1,699,882 Covertine payments 8,831,748 6,126,882 Annual bonus 8,791,924 7,549,008 Chier 2,194,985 2,385,218 Less: Employee costs capitalised to Property, Plant and Equipment 2,273,469 Less: Employee costs included in other expenses 2,230,208 Less: Employee costs included in other expenses 2,230,208			
Rent (Sod Foliday Resord 1,401,001 1,511,461 Engineering services contributions 2,806,489 Recommend (Sod Sad Sad Sad Sad Sad Sad Sad Sad Sad Sa	OTHER INCOME		
Rent (Sod Foliday Resord 1,401,001 1,511,461 Engineering services contributions 2,806,489 Recommend (Sod Sad Sad Sad Sad Sad Sad Sad Sad Sad Sa	Service connections	7,743,434	9,180,107
Reconnection foes 3,748,680 - Telephone fees recovered 451,821 - Recoverable expenditure 4,623,061 4,679,205 Other 5,880,714 6,125,138 Total Other Income 23,845,311 24,302,380 EMPLOYEE RELATED COSTS Temployee related costs - Salaries and Wages 112,212,629 101,755,124 Employee related costs - Salaries and Wages 112,212,629 101,755,124 pensions and medical aids 31,435,726 29,722,434 Housing benefits and allowances 7,561,337 7,237,524 Housing benefits and allowances 1,849,197 1,699,662 Overtime payments 8,831,748 6,126,668 Annual brous 8,791,924 7,549,008 Other 2,194,985 2,385,208 Cless: Employee costs capitalised to Property, Plant and Equipment 2,273,454 1,595,335 Less: Employee costs capitalised to other expenses 2,203,405 152,773,46 There were no new advances to employees. Leans to employees are set out in note 14. 4,000,00 2,000,00 Car Allowance 52,003 <td></td> <td></td> <td></td>			
Telephone fees recovered \$4,512,621 4,679,205 1,000	Engineering services contributions	-	2,806,469
Recoverable expenditure 4,523,661 4,679,205 Other 5,886,714 6,125,138 Total Other Income 23,845,311 24,302,380 EMPLOYEE RELATED COSTS Employee related costs - Salaries and Wages 112,212,629 101,755,124 pensions and medical aids 7,561,337 29,722,434 dother allowances 7,681,337 1,239,682 Overtime payments 8,811,748 6,129,888 Overtime payments 8,811,748 6,129,888 Overtime payments 8,719,192 7,549,008 Overtime payments 8,719,192 2,139,895 2,238,288 Class: Employee costs included in other expenses 2,149,495 2,338,208 1,258,238 2,219,195 2,233,405 1,159,333 2,219,197 1,251,237,345 1,257,31,46 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,345 1,277,34	Reconnection fees	3,748,680	-
Other 5,886,714 6,125,138 Total Other Income 23,845,311 24,302,300 EMPLOYEE RELATED COSTS Employee related costs - Salaries and Wages 112,212,629 101,755,124 Pensions and medical aids 314,435,726 29,722,434 other allowances 7,561,337 7,237,524 Chost firm payments 8,811,748 61,286,808 Annual borus 8,791,924 7,549,008 Other 2,194,985 2,385,208 Less: Employee costs capitalised to Property, Plant and Equipment (2,737,545) 1,589,339 Less: Employee costs included in other expenses 12,373,466 132,773,146 Trail Employee Related Costs 167,835,596 132,773,146 Annual Remuneration of the Municipal Manager 526,637 628,622 Performance bonus 99,670 2 Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,882 Settlement Amount: E. Matlawe 400,000 2 2 Contributions to UIF, Medical and Pension Funds 1,261,803 3	·		-
Total Other Income 23,845,311 24,302,808 EMPLOYEE RELATED COSTS Employee related costs - Salaries and Wages 112,212,629 101,755,124 pensions and medical aids 31,435,726 29,722,434 other allowances 7,561,337 7,237,524 Housing benefits and allowances 1,848,197 1,999,682 Overtime payments 8,871,124 6,129,688 Annual borus 8,791,924 7,549,008 Other 2,194,985 2,385,208 Less: Employee costs capitalised to Property, Plant and Equipment 2,737,451 (1,595,35) Less: Employee Related Costs 167,835,596 152,773,146 152,753,146 152,835,996 152,773,146 There were no new advances to employees. Loans to employees are set out in note 14. Remuneration of the Municipal Manager Acra Allowance 52,637 628,592 Performance bonus 7,662 123,889 Settlement Amount: E. Matiawe 40,000 7,802 Contributions to UE, Medica			
EMPLOYEE RELATED COSTS Employee related costs - Salaries and Wages 112,212,629 101,755,124 pensions and medical aids 31,435,726 29,722,434 other allowances 7,561,337 7,237,524 Housing benefits and allowances 1,848,197 1,899,882 Covertime payments 8,817,148 6,129,688 Annual bonus 8,791,924 7,549,008 Ciber 2,194,986 2,395,208 Less: Employee costs capitalised to Property, Plant and Equipment (2,737,545) (15,96,335) Less: Employee costs included in other expenses (2,303,405) (2,110,187) Total Employee Related Costs 167,835,596 152,773,146 There were no new advances to employees. Loans to employees are set out in note 14. 8 Remuneration of the Municipal Manager Annual Remuneration 52,637 628,692 Performance bonus 52,000 78,000 Cortributions to UIF, Medical and Pension Funds 7,862 123,899 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634	Other	5,886,714	6,125,138
Employee related costs - Salaries and Wages 112,212,629 101,755,124	Total Other Income	23,845,311	24,302,380
pensions and medical aids 31,435,726 29,722,434 other allowances 7,561,337 7,237,524 Housing benefits and allowances 1,848,197 1,698,882 Covertime payments 8,331,748 6,129,688 Annual bonus 8,791,924 7,549,008 Cher 2,194,985 2,385,208 Less: Employee costs capitalised to Property, Plant and Equipment (2,737,545) (1,595,335) Less: Employee costs included in other expenses (2,303,405) (2,110,187) Total Employee Related Costs 167,835,596 152,773,146 Remuneration of the Municipal Manager Annual Remuneration 526,637 628,692 Performance bonus 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,899 Settlement Amount: E. Madlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 83,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance	EMPLOYEE RELATED COSTS		
other allowances 7,561,337 7,237,524 Housing benefits and allowances 1,848,197 1,699,682 Overtime payments 8,831,748 6,129,688 Annual bonus 8,791,924 7,549,008 Other 2,194,985 2,385,208 Less: Employee costs capitalised to Property, Plant and Equipment (2,737,545) (1,595,335) Less: Employee costs included in other expenses (2,303,405) (2,110,187) Total Employee Related Costs 167,835,596 152,773,146 Remuneration of the Municipal Manager Annual Remuneration 526,637 628,692 Performance bonus 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,899 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 830,881 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance <td< td=""><td>Employee related costs - Salaries and Wages</td><td>112,212,629</td><td>101,755,124</td></td<>	Employee related costs - Salaries and Wages	112,212,629	101,755,124
Housing benefits and allowances 1,848,197 1,699,682 Overtime payments 8,831,748 6,129,688 Annual borus 2,194,985 2,385,208 Ciber 2,194,985 2,385,208 Less: Employee costs capitalised to Property, Plant and Equipment (2,737,545) (1,595,335) Less: Employee Related Costs (2,303,405) (2,110,187) Total Employee Related Costs 167,835,596 152,773,146 Remuneration of the Municipal Manager Annual Remuneration 526,637 628,692 Performance bonus 52,000 76,000 Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,	pensions and medical aids	31,435,726	29,722,434
Overtime payments 8,831,748 6,129,688 Annual bonus 8,791,924 7,549,008 Other 2,194,985 2,385,208 Less: Employee costs capitalised to Property, Plant and Equipment (2,737,545) (1,595,335) Less: Employee costs included in other expenses (2,303,405) (2,110,187) Total Employee Related Costs 167,835,996 152,773,146 Remuneration of the Municipal Manager Annual Remuneration 526,637 628,692 Performance bonus 99,670 - Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Mattawe 400,000 - Accumulated leave paid out 1,261,803 830,581 Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Car Allowance 72,000			
Annual bonus 8,791,924 7,549,008 Other 2,194,985 2,385,208 Less: Employee costs capitalised to Property, Plant and Equipment (2,737,545) (1,595,335) Less: Employee Related Costs (2,303,405) (2,110,187) Total Employee Related Costs 167,835,596 152,773,146 Remuneration of the Municipal Manager Annual Remuneration 526,637 628,692 Performance bonus 99,670 76,00 Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 17,5634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Remuneration of the Chief Finance Officer 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 132,475			
Other 2,194,985 2,385,208 Less: Employee costs capitalised to Property, Plant and Equipment (2,737,545) (1,595,335) Less: Employee costs included in other expenses (2,303,405) (2,110,187) Total Employee Related Costs 167,835,596 152,773,146 Remuneration of the Municipal Manager Annual Remuneration 526,637 628,692 Performance bonus 99,670 - Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 132,475			
Less: Employee costs capitalised to Property, Plant and Equipment (2,737,545) (1,595,335) Less: Employee costs included in other expenses (2,303,405) (2,110,187) Total Employee Related Costs 167,835,596 152,773,146 Remuneration of the Municipal Manager Annual Remuneration 526,637 628,692 Performance bonus 52,000 78,000 Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Matlawe 400,000 5 Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,852 132,475			
Less: Employee costs included in other expenses (2,303,405) (2,110,187) Total Employee Related Costs 167,835,596 152,773,146 There were no new advances to employees. Loans to employees are set out in note 14. Remuneration of the Municipal Manager Annual Remuneration 526,637 628,692 Performance bonus 99,670 - Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,898 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 3,652 132,475			
Total Employee Related Costs 152,773,146 There were no new advances to employees. Loans to employees are set out in note 14. Remuneration of the Municipal Manager Annual Remuneration 526,637 628,692 Performance bonus 99,670 - Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475			
Remuneration of the Municipal Manager Annual Remuneration 526,637 628,692 Performance bonus 99,670 - Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475			
Annual Remuneration 526,637 628,692 Performance bonus 99,670 - Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer 86,670 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475	There were no new advances to employees. Loans to employees are set out in note 14.		
Performance bonus 99,670 - Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475	Remuneration of the Municipal Manager		
Car Allowance 52,000 78,000 Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475	Annual Remuneration	526,637	628,692
Contributions to UIF, Medical and Pension Funds 7,862 123,889 Settlement Amount: E. Matlawe 400,000 - Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475	Performance bonus	99,670	-
Remuneration of the Chief Finance Officer 400,000 - Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475	Car Allowance	52,000	78,000
Accumulated leave paid out 175,634 - Total 1,261,803 830,581 Remuneration of the Chief Finance Officer \$\$\$ \$\$\$ Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475	Contributions to UIF, Medical and Pension Funds	7,862	123,889
Remuneration of the Chief Finance Officer \$1,261,803 \$30,581 Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475	Settlement Amount: E. Matlawe	400,000	-
Remuneration of the Chief Finance Officer 699,000 517,772 Annual Remuneration 86,670 - Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475	Accumulated leave paid out	175,634	-
Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475	Total	1,261,803	830,581
Annual Remuneration 699,000 517,772 Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475	Removable of the Chief Finance Office		
Performance Bonuses 86,670 - Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475		600 000	517 779
Car Allowance 72,000 72,000 Contributions to UIF, Medical and Pension Funds 8,652 132,475			311,112
Contributions to UIF, Medical and Pension Funds 8,652 132,475			72 000
		866,322	







Remuneration of Individual Executive Directors

30 June 2007	Local Economic Development	Public Safety	Infrastructure Development	Planning & Development	Corporate Services	Community Services
Annual Remuneration	196,857	488,035	575,290	508,056	738,942	496,023
Performance Bonuses	-	51,807	79,469	-	79,469	65,201
Travel Allowance	28,000	84,000	71,500	99,000	100,000	84,000
Contributions to UIF, Medical and Pension Funds	2,557	7,096	7,882	6,612	10,006	7,259
Settlement amount	-	-	120,000	-	-	-
Leave paid out	-	55,951	86,073	-	43,310	-
Acting allowance	-	-	-	-	120,799	16,564
Total	227,414	686,889	940,214	613,668	1,092,526	669,047

	Local Economic Development	Public Safety	Infrastructure Development	Planning & Development	Corporate Services	Community Services
30 June 2006						
Annual Remuneration		317,989	582,843	196,932	471,383	338,831
Performance Bonuses	_	-	-	-	-	-
Car Allowance		84,000	78,000	28,000	84,000	84,000
Medical and pension funds	_	137,666	1,400	15,285	106,860	120,516
Total		539,655	662,243	240,217	662,243	543,347

22 REMUNERATION OF COUNCILLORS

REMORERATION OF COUNCILEORS		
Executive Mayor	470,928	814,000
Speaker	437,901	590,000
Mayoral Committee Members	2,966,974	3,004,000
Councillors	8,318,622	6,171,906
Councillors' pension contribution	1,114,024	1,027,000
Total Councillors' Remuneration	13,308,449	11,606,906

In-kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties and has a full time driver and body guard. The Executive Mayor further has access to a budget of R250 000 per annum to be utilized as he deems fit.

The Executive Mayor, Speaker, Chief Whip and members of the Mayoral Committee have all access to an entertainment facility of R 12 000 per annum.

23 INTEREST PAID

Long-term liabilities

24	BULK PURCHASES		
	Electricity: Other consumers	128,188,646	110,604,755
	Electricity: Bulk Consumer	197,008,477	192,964,756
	Water	89,747,800	74,658,728
	Total Bulk Purchases	414,944,923	378,228,239
25	GRANTS AND SUBSIDIES PAID		
	Grant paid to SPCA	90,000	90,000
	Grant to Rustenburg Municipality: Sport and Recreation Club	49,400	-
	Grant to Bessie Mpelegele Ngwana - Childrens Home	6,307	-
	Sundry grants	15,960	1,200
	Total Grants and Subsidies	161,667	91,200

The subsidy to the SPCA is to assist this registered charity to undertake its tasks. The grant to Bessie Mpelegele Ngwana is to support physically challenged children.

26 GENERAL EXPENSES

Included in general expenses is the cost incurred on replacing the following:-

Material losses due to:

- Their of	electricity	transfor	ners in rura	ıı areas	
NI D		I (NIDD)			

•	
- New Republic Bank (NRB) investment written	off

-	600,000
400,000	400,000
65,538	-
465,538	1,000,000

12,939,220

11,007,869







27 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation and fine-tuning of GAMAP:

27.4 Statistans Euroda		
27.1 Statutory Funds Balance previously reported: -		
Bursary Loan Fund		1,277,634
Consolidated Loans Fund		8,841,591
Development of parking		12,068,257
Endowment Fund		45,654,493
Land Development Suspense Account		110,823,988
Land Trust Fund		150,354,391
Town Planning Fund		2,407,250
Total	<u> </u>	331,427,604
hands montation of CAMAD		
Implementation of GAMAP Transferred to the Capital Replacement Reserve		243,840,860
DAS Funding Of assets		67,300,952
Non Capital items		5,864,557
Transferred to Accumulated Surplus from Capitalization Reserve		14,421,235
Haristeries to Accumulated Outplus Iron Capitalization (Cost ve		14,421,200
Total		331,427,604
27.2 Loans Redeemed and Other Capital Receipts		
Balance previously reported		862,634,784
Implementation of GAMAP		
Transferred to Government Grant Reserve		201,001,402
Transferred to Donations and Public Contribution Reserve		13,348,710
Accumulated depreciation - Transfer from CRR		340,700,917
Capatilisation		307,583,755
Total		862,634,783
		,,,,,
27.3 Provisions and Reserves		
Balance previously reported		
Election Fund		1,001,293
Maintenance		221,000
Hartbeesfonteinconnection: Water		128,497
Mayoral Bursary Fund		11,000
Capacity building & Training fund		88,468
Total	<u> </u>	1,450,258
Implementation of GAMAP Transferred to Accumulated Surplus/(Deficit)		1,450,258
Transiened to Accumulated Sulpius/(Delicit)		1,430,230
27.4 Inventory		
Balance previously reported	41,366,279	7,088,665
Implementation of GAMAP		
Transferred to Accumulated Surplus/(Deficit)		
Town development suspense transferred to stock		41,998,628
Water previously expensed now shown as inventory		214,548
Write-down of unsold properties to realisable value		(34,408,366)
Capitalized to infrastructure assets(see note on Appendix E(2) and note 27.6 below)	(48,593,965)	
Net selling price transferred to Accumulated surplus(see Statement of net changes and note	19,284,218	
Total: Restated stock value on 1 July 2007	12,056,532	14,893,475
27.5 Non-current provisions		
Balance previously reported	-	-
Implementation of GAMAP		
Transferred from Accumulated Surplus/(Deficit)		
Long-service		4,159,153
Total		4,159,153
		· · · · · ·
27.6 Property, plant and equipment		
Balance previously reported	623,760,809	968,729,622
Implementation of GAMAP		
Capitalization of infrastructure-internal services - previously disclosed as stock (See note 27.4 above)	48,593,965	
Unbundling of Town Development Suspense	-	(41,998,628)
Assets written of as non-capital		(5,927,448)
Total: Restated balance on 1 July 2007	672,354,774	920,803,546





27.7 Accumulated Depreciation		
Balance previously reported		-
Implementation of GAMAP		
Backlog depreciation: Land and buildings		25,219,359
Backlog depreciation: Infrastructure		227,075,304
Backlog depreciation: Community		32,173,751
Backlog depreciation: Heritage		6,344
Backlog depreciation: Other		55,370,739
Backlog depreciation: Housing Development Fund		855,420
Total (debited to Accumulated Surplus/(Deficit))	•	340,700,917
27.8 Accumulated Surplus/(Deficit)		
Implementation of GAMAP		7,804,810
Adjustments to inventory Excessive provisions and reserves no longer permitted		1,450,258
Contributions/transfers in 2004/05 not permitted		70,025,784
Transferred from statutory funds		14,421,235
Transferred from Loans Redeemed and Other Capital Receipts		-
previously not recorded		-
Backlog depreciation		(42,213,731)
Total	-	51,488,356
07.0 O marking of any man A committed of Complex		
27.9 Correction of error: Accumulated Surplus Balance previously reported: 30 June 2006		
- Net correction of previous year results	64,747,345	
- Contribution of net profit on sale of stands transferred from inventory	3,940,214	
Off-setting of depreciation on assets funded from CR not done in 2005/06	(19,284,218)	
Restated balance of Accumulated Surplus: 1 July 2006	36,383,085	
(See Statement of Net Changes and notes 27.4 and 27.6 above)	85,786,426	_
(,	,,	
CASH GENERATED BY OPERATIONS		
	405.005.444	(05 500 700)
Surplus for the year	125,265,141	(25,509,709)
Adjustment for:-	04 777 000	E4 40E 00E
Depreciation	64,777,602	51,135,395
Loss / (Gain) on disposal of property, plant and equipment	(7,329,948)	4,641,625
Contribution to/from provisions - non-current	(73,248,348)	13,445,897 4,159,153
Contribution to/from provisions – current Contribution to bad debt provision	101,275,636	55,000,000
Investment income	(74,778,125)	(48,591,892)
Interest paid	12,939,220	11,007,869
Operating surplus before working capital changes:	148,901,178	65,288,338
Decrease in inventories	28,389,590	(34,277,614)
(Increase)/decrease in debtors	(41,476,076)	(13,540,183)
(Increase)/decrease in other debtors	15,350,247	13,678,918
(Decrease)/increase in conditional grants and receipts	(11,761,623)	39,789,465
Increase in creditors	31,081,412	(10,589,432)
Decrease in provisions	74,224	4,159,153
Increase in VAT	11,990,234	(8,048,758)
Cash generated by/(utilised in) operations	182,549,186	56,459,886
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow		
statement comprise the following statement of amounts indicating financial position :		
Bank balances and cash	150,008,763	69,680,331
Call investment deposits	329,594,080	320,833,929
Total cash and cash equivalents	479,602,843	390,514,260
UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities	108,361,037	89,475,818
Used to finance property, plant and equipment – at cost	112,651,557	92,651,557
Sub- total	(4,290,520)	(3,175,739)
Cash set aside for the repayment of long-term liabilities	39,483,178	34,232,285
Cash invested for repayment of long-term liabilities	35,192,658	31,056,546
	,,	. ,,

Consolidated Annual Financial Statements







31 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

31.1 Unauthorized expenditure

-2007

No known material unauthorized expenditure were incurred or disallowed during the year under review.

-2006

On the face value of Appendix E1 it appears that the municipality exceeded budgeted expenditure. However, should the GAMAP/GRAP related disclosure be eliminated from the expenditure, the actual expenditure is within the budgeted expenditure. The municipality did not budget for the changes as a result of GAMAP/GRAP. There is therefor no unauthorized expenditure

31.2 Fruitless and wasteful expenditure

-2007

No known material unauthorized expenditure were incurred or disallowed during the year under review.

-2006

(a) Penalty and interest on VAT output on sale of stands -R907 147

Statius -1307 147

The expenses are not recoverable and have been written off against the TDS account. It is regarded as a bona fide error and no specific official is held accountable for the expenditure incurred as a result of the incorrect handling of VAT output.

(b) Penalty on late payment of vehicle license fees to North West Province

The extent of the loss has not yet been determined and has been referred to Internal Audit for investigation.

32 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

32.1 Contributions to organized local government

Opening balance	-	834,238
Council subscriptions - this year and previous years amount in dispute	1,325,912	688,312
Amount paid - current year	(652,449)	(688,312)
Amount paid - previous years	(673,463)	(834,238)
Balance unpaid	-	-

R673 463 was paid in 2006/07 to SALGA following agreement on disputed levies of the past. As a result of the dispute, the amount in dispute was not provided as payable in previous years. It is disclosed as a previous year adjustment on the Statement of changes in net assets.

32.2 Audit fees

Opening balance	44,093	-
Current year audit fee (Interim audit/planning for 2006/07)	-	44,093
Audit fee charged: previous years	1,299,493	1,818,977
Amount paid - current year	-	-
Amount paid - previous years (2005/06)	(1,343,586)	(1,818,977)
Balance unpaid (included in creditors)		44,093

32.3 VAT

Nett VAT payable are disclosed in note 8. All VAT returns have been submitted by the due date throughout the year.

32.4 PAYE & UIF

Opening balance	-	-
Current year payroll deductions & Council Contribution	19,473,219	18,233,151
Amount paid - current year	(19,473,219)	(18,233,151)
Amount paid - previous years		
Balance unpaid (included in creditors)	-	-

32.5 Other levies paid

Skills development levy	1,378,362	1,065,555
Regional establishment levy	-	318,876
Regional services levy	-	329,906
Motor vehicle license fees collected and paid over to NWPLG	28,310,401	22,081,900
	29,688,763	23,796,237



Outstanding



Wa Wina

32.6 Pension and Medical Aid Deductions

Opening balance Current year payroll deductions and Council Contributions 48,805,152 45,288,051 (45,288,051) (48,805,152) Amount paid - current year Amount paid - previous years Balance unpaid (included in creditors)

32.7 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

		Outstanding less than 90	Outstanding more than 90 days	Wa Wina
30 June 2007	Total	days	(excluding Wa Wina)	
Lebotse MN		338	3,645	_
Molefe JL	3,983	207	53	222
Mabe TA	482	449	-	-
Marekoa BB	449	255	1,974	-
Mokowe NE	2,229	499	10,938	13,167
Motswadi BP	24,604	283	-	-
Mpengu ML	283	777	18,691	3,508
Ngqobo LB	22,976	527	4,694	3,306
Nonovi NA	8,527	1,215	27,003	15,153
Nxmalo J	43,371	297	40	-
Nxmalo J	337	296	431	-
Phiri JM	727	598	9,967	8,171
Pilane JM	18,736	11	825	-
Seduke NE	836	842	4,283	-
	_{5,125} 132,66	5 6,594	82,544	43,527

		Outstanding	Outstanding
		less than 90	more than 90
30 June 2006	Total	days	days
Beukes E	6,610	1,973	4,637
Grove I.A.	252	252	-
Lebotse M.N	806	432	374
Maboa T.J	14,110	734	13,375
Marekoa B.B	1,045	719	325
Mashishi J.I	141	34	107
Mmusa E.M	2,210	300	1,909
Mokoma L.M	3,440	647	2,793
Mokowe N.E	22,935	611	22,324
Motsi S.I	4,589	402	4,186
Motswadi B.P	198	198	-
Mpengu M.L	18,184	1,056	17,128
Ngqobo L.B	8,114	344	7,770
Nonovi N.A	32,462	1,495	30,967
Phiri J.M	18,888	777	18,111
Pilane D.T	2,971	38	2,933
Pule S.J	586	313	273
Segale M	350	350	-
Sematu A.s	1,075	535	539
Smith D.S	231	119	112
Tsagae L.M	431	31	400
Total Councillor Arrear Consumer Accounts	139,626	11,362	128,264





82,497,889

45,772,091 -7,656,695 860,884 28,208,219



24,927,718

33 CAPITAL COMMITMENTS

Commitments in respect of	f capital	expenditure:
---------------------------	-----------	--------------

- Approved and contracted for	
Water	
Electricity	
Community	
B 1 10:	

Roads and Stormwater		
Sanitation		
- Approved but not yet contracted for		
Mater		

pproved but not yet contracted for	64,667,417	39,493,610
Water	7,913,599	
Electricity	7,706,906	
Community	1,360,600	
Local Economic Development	3,616,784	
Waste Management	16,971,140	
Roads and Stormwater	20,116,856	
Sanitation	6,981,532	

Total	147,165,306	64,421,328

This expenditure will be financed from:

- External Loans	-	300,361
- Capital Replacement Reserve	74,060,241	13,280,274
- Government Grants	46,842,040	36,374,099
- Own resources	2,022,164	2,022,164
- District Council Grants	14,563,710	12,444,430
- Other	9,677,151	-
	147,165,306	64,421,328

34 RETIREMENT BENEFIT INFORMATION

Personnel and Councillors are members of the following funds:

Transvaal Municipal Pension Fund Municipal Employees Gratuity Fund Municipal Employees Pension Fund Municipal Councillors Pension Fund

State Pension Fund (Formally SEBO Pension Fund)

	V	/aluations	
	Actuarial	Interim	Level
The Municipal Employees Gratuity Fund is a defined benefit plan which is governed by the Pension Fund Act of 1956. The most recent actuarial valuation indicated that the fund was financially sound.	30-Jun-02	30-Jun-04	Fully Funded
The NFMW Retirement Fund is a fixed contribution fund and there is no statutory requirement to do an actuarial valuation.	30-Jun-04	30-Jun-05	Fully Funded
The MEPF is a fixed contribution fund.	28-Feb-02	28-Feb-05	Fully Funded
The MCPF is a fixed contribution fund.	30-Jun-04	30-Jun-05	Fully Funded 104.20%
The JMPF is a fixed contribution fund.	30-Jun-03	31-Dec-04	Not Fully Funded 99.3%

All Councillors and employees belong to the 5 defined benefit retirement funds administered by the Provincial Pension Fund as disclosed above. These funds are subject to a triennial actuarial valuation.

An amount of R21,5 million (2006: R19,1 million) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed







590 000

2,500,000

35 CONTINGENT LIABILITY

 Guarantees by Council in respect of bulk electricity supply in Lethabong for sewer purification plant. 	590,000	590,000
2. Defamation claim - Case 1404/05	950,000	-
3. Performance bonussus of Municipal Manager, Directors, Unit & Section Managers	1,200,000	712,129
4. CCTV camera systems	2,250,000	2,250,000
5. Pension fund contributions ex Tlhabane officials State Pension Fund	2.000.000	3.000.000

5. Pension fund contributions ex Tlhabane officials State Pension Fund

6. Possible cost as a result of legal actions

7. Future lease payments

8,292,122	9,052,129

590 000

500,000

802,122

- 1. The guarantees is only payable should there be default in the payment for electricity supplied by ESKOM.
- 2. The municipality is being sued by a service provider for defamation. The amount disclosed is an estimate should the High Court rule against the municipality. The contingent liability includes legal costs of R300 000.
- 3. Managers have not yet been assessed in terms of the performance contracts entered into with the municipality. Once assessed, the performance bonusses will be payable.
- 4. The Municipality disputes the conditions on supply of the CCTV camera system due to alleged noncompliance to the supply chain management system. Legal proceedings have been instituted against the municipality. The supplier removed the cameras in October/November 2006.
- 5. The contingent liability arises from the difference between municipal pension fund contributions that could be payable by the municipality to the pension fund of employees transferred to the municipality should the municipality be liable to pay a higher contribution. The amount disclosed is an estimate due to uncertainties surrounding the matter.
- 6. The Municipality is being sued by a personnel member for unfair treatment during the placement process. A court date in the Appelate division of the High Court has not yet been set. The contingent liability includes legal costs of R500 000. This item also provides for legal costs should costs be allocated to the municipality.
- 7. The remaining payments (18) on a full maintenance lease agreement with L M Wulfsohn Motors (Pty) Ltd on 13 vehicles. The municipality do not have the option to take over ownership of the leased vehicles. There is also a penalty applicable of 24 cents/kilometer should more kilometers be travelled than agreed upon.

36 EVENTS AFTER THE REPORTING DATE

37 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).

38 DISCLOSURE REQUIREMENTS

The municipality has applied for extension as gazetted by National Treasury in Government Gazette No.30013 of 29 June 2007.

The municipality has implemented the required standards of GAMAP and GRAP for 2005/06 and has as a result compiled the AFS for 2006/07 on the same basis as in 2005/06. The exemptions granted in the annexure to the Gazette have been complied with, except where it has already been implemented in 2005/06.







APPENDIX A

RUSTENBURG LOCAL MUNICIPALITY SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2007

EXTERNAL LOANS	Interest	Redeemable	Balance at 30 June 2006	Received during the period	Redeemed written off during the period	Balance at 30 June 2007	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
LONG-TERM LOANS			œ	œ	œ	œ	œ	œ
- INCA	16.50%	23 April 2009	50,000,000	1	1	50,000,000		
- ABSA - Drawdown 1	11.92%	31 May 2020	19,473,818	ı	(590,772)	18,883,046		
- ABSA - Drawdown 2	12.02%	31 May 2021	20,000,000	ı	(522,009)	19,477,991		
- ABSA - Drawdown 3	12.14%	31 May 2022	ı	20,000,000		20,000,000		
Total long-term loans			89,473,818	20,000,000	(1,112,781)	108,361,037		
ANNUITY LOAN								
- Liberty Life	9.50%	30/09/2006	2,000		(2,000)			
TOTAL EXTERNAL LOANS			89,475,818	20,000,000	(1,114,781)	108,361,037	85,136,683	





APPENDIX B

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ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007

RUSTENBURG LOCAL MUNICIPALITY

23,891,936 55,023,780 **78,915,716** 1,742,950 13,152,046 32,194,553 8,876,560 9,885,776 429,115 429,115 2,078,470 146,088,736 59,702,506 152,603,148 116,140,150 10,799,368 654,712,718 15,572,426 6,531,198 53,620,747 Carrying Value 6,439,452 126,376,951 36,931,848 92,179,240 62,447,555 3,213,056 1,236,111 4,076,668 333,024,798 2,098,644 1,978,896 23,946,788 16,299,311 123,917 406,462,914 29,114,477 29,114,477 44,323,639 Closing Balance Disposals Accumulated Depreciation 57,248 7,804,318 1,787,023 1,616,462 17,278,750 700,621 642,642 2,185,610 2,185,610 692,875 114,118 48,856,469 10,331,306 42,880,445 272,811 1,097,189 4,275,496 3,790,414 Additions (292,590) 11,874,090 **9,737,999** (8,843) 2,512,435 593,469 3,383,793 (4,602,325)(2,935,755)(11,398,520) (14,334,275) (1,919,518) (6,489,698) (1,843,501) Reclassification 2,794 8,843 5,342,263 107,178,888 32,653,350 83,767,452 66,671 61,132,935 22,452,355 2,808,759 **30,795,226** 2,935,755 38,327,387 3,669,334 1,864,778 41,263,142 8,843 290,141,559 Opening Balance 8,629,842 3,721,846 37,098,834 48,493,864 **97,944,386** 10,112,671 13,962,444 429,115 108,030,193 1,061,175,632 23,891,936 84,138,257 22,011,878 96,634,354 244,782,388 2,202,387 178,587,705 14,012,424 354,771,938 Disposals Construction Under Cost/Revaluation 24,689,651 1,940,101 500,699 325,008 1,576,711 10,108,275 10,108,275 53,579,719 10,205,949 32,662,573 123,077,993 2,402,418 135,588,686 Additions (26,144,889) (1) (2,454,164) 26,476,313 **20,314,587** (37,474)13,962,444 (10,472,518) (4,605,332)3,527 (8,946,322) (38,087,540) (3,707,561)(37,474)Reclassification 8,943,387 14,012,424 10,112,671 28,497,268 100,174,871 22,011,878 209,942,581 86,424,878 229,039,059 262,287 184,012,672 11,836,704 3,396,839 37,976,287 22,017,551 466,589 936,059,464 466,589 128,672,139 731,693,355 Opening Balance Electricity Peak Load Equip Water Mains & Purification Sewerage Mains & Purif Total carried forward Recreational Grounds Land and Buildings Community Assets Reservoirs - Water Historical Buildings Parks & Gardens Electricity Mains Heritage Assets Civic Buildings Infrastructure Water Meters Water Mains Buildings Libraries Roads Land





APPENDIX B

Appenum

RUSTENBURG LOCAL MUNICIPALITY ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2007 (Continue) Lease
Other
Landf
Office
Office
Furnit
Bins a
Emen
Motor
Fire e
Refus
Comp Total Hous

			Cost					Accumu	Accumulated Depreciation	=		Carrying
	Opening Balance	Reclassification	Additions	Under	Disposals	Closing Balance	Opening Balance	Reclassification	Additions	Disposals	Closing Balance	Value
tal brought forward	936,059,464	(10,472,518)	135,588,686			1,061,175,632	362,208,770	(4,602,325)	48,856,469	•	406,462,914	654,712,718
ousing Rental Stock												
ousing Rental	28,432	4,725,061	•	1	1	4,753,493	6,715	1,039,945	143,404	'	1,190,064	3,563,429
	28,432	4,725,061				4,753,493	6,715	1,039,945	143,404		1,190,064	3,563,429
ased Assets	,		,	,						'		
	'		•	1		,	1		'	,	'	'
her Assets												
ndfill sites	1,144,759		196,466	,	•	1,341,225	339,766	,	38,697	'	378,463	962,762
fice Equipment	4,532,618	(13,300)	4,583,660	'	•	9,102,978	3,414,054	(4,423)	859,885	'	4,269,516	4,833,462
rniture & Fittings	28,973,058	15,655	18,430,040	•		47,418,753	14,048,397	9,620	4,099,503	•	18,157,520	29,261,233
is and Containers	1,304,960		117,480	•	•	1,422,440	678,778		138,151	•	816,929	605,511
nergency Equipment	2,239,092		1,422,981	•		3,662,073	862,089		228,035	•	1,090,124	2,571,949
otor vehicles	37,465,898	(6,608,659)	7,877,048	'		38,734,287	22,748,553	(4,667,793)	3,962,773	'	22,043,533	16,690,754
e engines	2,149,363		16,640	'	•	2,166,003	729,744		107,537	'	837,281	1,328,722
efuse tankers		1,053,069	•	•		1,053,069	'	733,245	54,358	•	787,603	265,466
omputer equipment	9,293,281	11,743	2,618,152	•		11,923,176	7,103,319	2,868	840,422	'	7,946,609	3,976,567
her assets	29,314,876	11,288,949	8,635,356	'	•	49,239,181	16,604,807	7,488,863	5,448,368	1	29,542,038	19,697,143
inservancy tankers	'		•	•	1		•		'	•	•	'
atercraft	•			•					•	•	•	
	116,417,905	5,747,457	43,897,823			166,063,185	66,529,507	3,562,380	15,777,729	•	85,869,616	80,193,569
Total	1,052,505,801	•	179,486,509	•		1,231,992,310	428,744,992	•	64,777,602		493,522,594	738,469,716







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RUSTENBURG LOCAL MUNICIPALITY SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual	2006 Actual	2006 Surplus/		2007 Actual	2007 Actual	2007 Surplus/
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)
œ	œ	«		œ	œ	œ
304,842,333	282,095,882	22,746,451	Executive & Council	363,892,137	166,204,350	197,687,787
53,252,214	61,333,790	(8,081,576)	Finance & Admin	52,185,585	57,321,958	(5,136,373)
9,675,951	13,603,084	(3,927,133)	Planning & Development	11,946,101	20,881,718	(8,935,617)
1,544,187	6,921,642	(5,377,455)	Health	543,251	7,513,456	(6,970,205)
2,378,585	16,512,914	(14,134,329)	Community & Social Services	2,067,203	20,404,557	(18,337,354)
105,148,230	106,270,530	(1,122,300)	Housing	132,428,032	133,764,231	(1,336,199)
5,423,785	37,769,221	(32,345,436)	Public Safety	16,209,492	46,387,266	(30,177,774)
1,734,127	23,395,454	(21,661,327)	Sport & Recreation	1,824,421	27,792,196	(25,967,775)
29,984,591	32,293,868	(2,309,277)	Waste Management	33,225,945	38,428,810	(5,202,865)
27,963,732	35,085,905	(7,122,173)	Waste water management	33,744,781	40,712,242	(6,967,461)
10,317,278	27,965,554	(17,648,276)	Road Transport	465	41,839,271	(41,838,806)
115,855,777	106,857,354	8,998,423	Water	158,229,464	132,669,602	25,559,862
406,062,242	349,587,543	56,474,699	Electricity	441,405,106	388,517,185	52,887,921
1,074,183,032	1,099,692,741	(25,509,709)	Sub Total	1,247,701,983	1,122,436,842	125,265,141
53,972,729	53,972,729		Less Inter-Dep	57,076,181	57,076,181	1
1,020,210,303	1,045,720,012	(25,509,709)	Charges Total	1,190,625,802	1,065,360,661	125,265,141
		(25,509,709)	Add: Share of Associate Surplus/(deficit)			125,265,141







APPENDIX E(1)

RUSTENBURG LOCAL MUNICIPALITY ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007	2007	2007	2007	Explanation of Significant Variances
REVENUE	Actual	Budget	Variance	Variance	greater than 10% versus Budget
	œ	œ	œ	%	
Property rates (see note 17)	86,741,755	81,500,000	5,241,755	6.4% Special	6.4% Special effort in updating valuation roll resulted in positive variance
Service charges (see note 18)	652,733,542	702,426,270	(49,692,728)	-7.1% Lower o	-7.1% Lower consumption by bulk consumer(RS3 million)
Rental of facilities and equipment	39,365,098	10,892,134	28,472,964	261.4% R35,9 m	261.4% R35.9 million royalties from Mines compared to budget of R7.4 million
Interest eamed - external investments	43,085,501	2,000,000	41,085,501	2054.3% Result o	2054.3% Result of GRAP - disclosure of interest in Fin.Performance compared to previous capitalization to funds
Interest eamed - outstanding debtors	31,692,624	25,310,000	6,382,624	25.2% Outstan	25.2% Outstanding debtors increased more than budgeted, resulting in more interest charged
Fines	4,340,411	6,733,000	(2,392,589)	-35.5% Lower tr	.35.5% Lower traffic fines than budgeted
Licences and permits	4,321,819	4,461,600	(139,781)	-3.1%	
Income from agency services	7,090,569	11,215,000	(4,124,431)	-36.8% Previous	36.8% Previous years income on new system resulted in material increase in budget
Government grants and subsidies	290,965,088	106,720,160	184,244,928	172.6% Housing	172.6% Housing subsidies(R130 million) and grants for capital expenditure(R59 million) flowing through Statement of Financial Performance
Other income (see note 20)	23,845,311	21,653,921	2,191,390	10.1% Reconn	10.1% Reconnection fees previously set off against costs now disclosed separetedly
Gains on disposal of property, plant and equipment	7,329,948	3,500,000	3,829,948	109.4% Profit on	109.4% Profit on sale of stands previously handled under Town Development now disclosed as Income
Less: Income forgone	(885,864)	(6,007,400)	5,121,536	-85.3%	
Total Revenue	1,190,625,802	970,404,685	220,221,117	22.7%	
EXPENDITURE					
Executive & Council	166,204,350	124,086,222	(42,118,128)	-33.9% Addition	33.9% Additional provision for bad debts of nearly R42 million
Finance & Admin	57,321,958	66,457,516	9,135,558	13.7% Vacant	13.7% Vacant positions in Finance, termination of debt collection and reconnection fees recovered not set-off against costs
Planning & Development	20,881,718	26,560,218	5,678,500	21.4% Saving	21.4% Saving on salaries contributed the biggest portion to the positive variance
Health	7,513,456	8,314,482	801,026	%9.6	
Community & Social Services	20,404,557	22,369,358	1,964,801	8.8%	
Housing	133,764,231	6,542,809	(127,221,422)	-1944.4% GAMAP	-1944.4% GAMAP implementation resulting in all expenditure flowing through Financial Performance Statement
Public Safety	46,387,266	55,374,105	8,986,839	16.2% Substan	16.2% Substantial saving on collection costs on fines, CCTV cameras, security and salaries
Sport & Recreation	27,792,196	30,865,376	3,073,180	10.0%	
Waste Management	38,428,810	43,043,182	4,614,372	10.7% R2.4 mil	10.7% R2.4 million saving on salaries and saving on repairs and maintenace resulted in the positive variance
Waste Water Management	40,712,242	42,663,746	1,951,504	4.6%	
Road Transport	41,839,271	36,000,484	(5,838,787)	-16.2% GAMAP	-16.2% GAMAP/GRAP implementation - under provision of depreciation
Water	132,669,602	131,173,878	(1,495,724)	-1.1%	
Electricity	388,517,185	437,477,570	48,960,385	11.2% Bulk pur	11.2% Bulk purchases lower due to lower consumption by bulk consumer
Inter-departmental charges	(57,076,181)	(60,524,261)	(3,448,080)	2.7%	
Total Expenditure	1,065,360,661	970,404,685	(94,955,976)	%8.6-	
NET SLIRBLIIS/(DEFICIT) FOR THE YEAR	125 265 141		125 265 141		
NEI SURPENS(DEFICIT) FOR THE LEST	11,002,021	_	140,600,111	_	





APPENDIX E(2)

RUSTENBURG LOCAL MUNICIPALITY ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	2006 actual	2007	2007	2007	2007	2007	2007	Explanation of Significant Variances
	capitalized on 1 July 2006 (Note1)	Actual	Under	Additions	Budget	Variance	Variance	greater than 5% Versus Budget
		œ	۳	œ	~	œ	%	
Executive & Council	•	2,585,452	1	2,585,452	3,188,496	603,044	18.9%	18.9% Low spending on Regional Community Centers
Finance & Admin	'	3,326,460	1	3,326,460	4,571,788	1,245,328	27.2%	27.2% Low spending on Municipal Buildings
Planning & Development	•	6,980,151	1	6,980,151	11,192,745	4,212,594	37.6%	37.6% Low spending on land purchases, CBD regeneration and planning fees
Health	'	298,925	1	298,925	404,615	105,690	26.1%	26.1% The budgeted partitioning at Karlienpark Hall not implemented
Community & Social Services		3,526,279	1	3,526,279	14,702,167	11,175,888	%0.92	76.0% Under spending on Thlabane Library, Sunrise Park Hall and Air
Housing		103,192	'	103,192	128,898	25,706	19.9%	19.9% Vehicles were purchased at lower than budgeted cost
Public Safety		6,034,962	-	6,034,962	13,434,287	7,399,325	55.1%	55.1% Several budgeted projects not implemented
Environmental Management	•	3,400,883	1	3,400,883	3,311,904	(88,979)	-2.7%	
Sport & Recreation	'	3,306,690	'	3,306,690	10,301,237	6,994,547	%6'.29%	67.9% Several budgeted projects not implemented
Waste Management	•	2,071,098	1	2,071,098	2,967,635	896,537	30.2%	30.2% No spending on new depot
Waste Water Management	8,474,190	17,911,221	1	26,385,411	35,326,416	8,941,005	25.3%	25.3% Actual expenditure on 15 projects lower than budgeted
Road Transport	19,772,227	24,125,786	1	43,898,013	38,350,238	(5,547,775)	-14.5%	-14.5% Actual expenditure on 14 projects lower than budgeted
Water	13,305,081	22,106,599	1	35,411,680	52,073,439	16,661,759	32.0%	32.0% Actual expenditure on 36 projects lower than budgeted
Electricity	7,042,466	35,114,847	1	42,157,313	42,746,534	589,221	1.4%	1.4% Long delivery periods affected 8 projects budgeted to be implemented
Other	•	-	•	•	•	1	0.0%	
TOTAL	48,593,964	130,892,545	•	179,486,509	232,700,399	53,213,890	22.9%	

Note1: These amounts represent infrastructure costs disclosed as stock on 30 June 2006. In light of GAMAP 9 and GAMAP 17, the costs for internal services were excluded from inventory and capitalized. It is treated on the same principles in 2007.